



Australian Government



Australian
Charities and
Not-for-profits
Commission

2014

15

ACNC
ANNUAL
REPORT

Contact us


phone **13 ACNC**
fax **1300 232 569**
visit **acnc.gov.au**
email **advice@acnc.gov.au**

GPO Box 5108
Melbourne VIC 3001

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The cover features a vibrant teal background with a large, curved yellow-green shape on the left side. The text is positioned in the bottom right corner.

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ANNUAL
REPORT

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Australian Government



Australian
Charities and
Not-for-profits
Commission

The Hon. Kelly O'Dwyer, MP
Assistant Treasurer
Minister for Small Business
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to provide you with the Australian Charities and Not-for-profits Commission Annual Report 2014–15 for presentation to Parliament, as required under subsection 63(1) of the *Public Service Act 1999* (Cth).

This report has been prepared in accordance with section 63 of the *Public Service Act 1999* (Cth) and Division 130 of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth).

Yours sincerely

A handwritten signature in black ink that reads 'Susan Pascoe'.

Susan Pascoe AM
Commissioner
Australian Charities and Not-for-profits Commission

5 October 2015

2014–15 ACNC Snapshot



54,468

**CHARITIES ON
THE CHARITY
REGISTER**

**REVOKED/REMOVED
FROM THE CHARITY
REGISTER**

9,000

432_k

CHARITY REGISTER VIEWS



DAYS

**TO REGISTER —
A NEW —
CHARITY —**

2,558

CHARITIES REGISTERED

810

**COMPLIANCE
CONCERNS**



TEN

**COMPLIANCE
REVOCATIONS**

99%

2013 AIS COMPLETION

75%

2014 AIS COMPLETION



25,000

FINANCIAL REPORTS

GOVERNING DOCUMENTS

39,000

4M



VIEWS OF ACNC.GOV.AU



CALLS ANSWERED



39,835

2

MINUTES
AVERAGE
WAIT TIME

CHARITY PORTAL
USAGE

3 MILLION

32K

EMAILS/LETTERS





The Australian Charities and Not-for-profits Commission (ACNC) is the independent, national, regulator of charities. This is our third annual report and covers the 2014–15 financial year.

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Commissioner's review

The Commissioner and the Chair of the ACNC Advisory Board reflect on the highlights of 2014–15, and set our direction for the year ahead.

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Commissioner's review

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The year ahead

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Advisory Board Chair's review

Commissioner's review

The 2014–15 year saw the ACNC strengthen its standing as Australia's national charity regulator.

I am proud of the achievements of ACNC staff during the year. Our oversight has contributed to maintaining trust and confidence in Australia's charities, supporting their sustainability, and helping to reduce red-tape.

Reducing red-tape

Consistent with the government's deregulation agenda, we made concerted efforts to regain momentum in building our 'report once, use often' framework, contributing \$10 million to the Government's annual deregulation savings during the 2014 period.

These substantial savings came from a range of initiatives, including the acceptance of financial reports submitted to state or territory regulators for the 2014 Annual Information Statement. This was highlighted as a key saving of \$5.9 million in the Treasury Portfolio Annual Report on Deregulation.

We commissioned research on the red tape reduction through the Ernst and Young Red Tape Report 2014 (page 68) to inform our approach to reducing the administrative burden on charities. We also consulted with highly regulated sub-sectors such as non-government schools and hospitals to discuss their concerns with a view to introduce more streamlined reporting arrangements (page 71).



\$10M IN ANNUAL
DEREGULATION
SAVINGS

We worked to reinvigorate relationships with state and territory regulators to explore ways to harmonise reporting, and this work is ongoing. This includes cooperation with the states and territories to identify ways to reduce reporting requirements, share information and collaborate on compliance investigations.

Taking compliance action

While the vast majority of registered charities do the right thing and meet their obligations, we received 810 concerns about charities in 2014–15, two thirds of which originated from members of the public. We take all complaints seriously and assess them to see if further investigation is required.

In most cases we work with the charity in question to help them resolve the issues that have been raised. However during 2014–15 we investigated 238 registered charities and, as a result, revoked the status of ten.

We are limited by secrecy provisions in the ACNC Act from informing complainants and the general public of the action taken during investigations. To address this constraint and provide information and advice to the public, we analysed the compliance work done over two years and published the *Charity Compliance Report – December 2012–December 2014 and Beyond* (page 53) in May 2015. The report analyses our compliance activity during our first two years of operation, focusing on the common issues raised and providing case studies to illustrate the ACNC's approach. This work helps maintain trust and confidence in charities.

9,000



REVOKED/REMOVED FROM THE CHARITY REGISTER —

Building the Charity Register

Major strides were made during 2014–15 to build the Charity Register, Australia's free, searchable, database of registered charities. As stories come to light of scams claiming to be charities, it is important that people can quickly search a free database to check if the person collecting donations represents a real registered charity.

Financial reporting was required for the first time in the 2014–15 reporting year. As part of the 2014 Annual Information Statement over 37 200 registered charities provided financial information by the due date of 30 June 2015. While this is a substantial increase from the 9 000 registered charities that voluntarily provided financial information in 2013–14, it is not a full census. The ACNC will continue to work with straggling charities who do not meet their obligations on time to update the Charity Register.

As part of our warrant to provide the public with an accurate Charity Register, we reviewed a sample of 2014 Annual Information Statements, with a particular focus on financial errors. The purpose was to provide accurate information on the Charity Register and to identify common reporting errors to help educate charities. This audit identified billions of dollars in transcription errors. It required a massive exercise to contact those charities which had entered inaccurate data and get them to correct it. While this exercise diverted staff from other activities, the ACNC is committed to maintaining an accurate and up-to-date register.

In 2014–15 we also 'cleaned up' the Charity Register by revoking the status of 5 500 'double defaulter' charities – those that failed to meet their reporting obligations for two consecutive years. The double defaulter project took the total number of charities revoked or removed from the Charity Register to 9 000, further enhancing the integrity of the information available to the public (see page 38).

Digital by default

The ACNC has had the advantage of being established as Australia's first national charity regulator in a digital era, and in 2014–15, the ACNC continued to be a 'digital by default' agency.

The paper-based list of 56 553 registered charities transferred to the ACNC is now a fully digitised system and can be searched by the public on a desktop or mobile device. In 2014–15, the Charity Register received 432 000 views, a substantial increase on 2013–14.

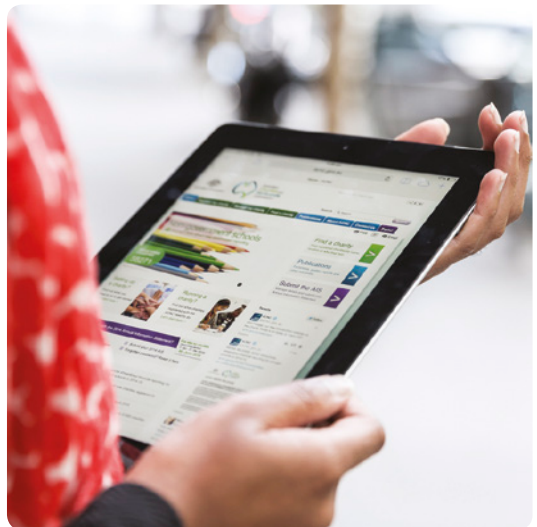
Our engagement with charities online also grew. Our website, which houses guidance and education resources, received over 4 million views in 2014–15, approximately half-a-million more than last year.

The Charity Portal, the secure system that charities use to meet their obligations to the ACNC, received 3 million sessions, twice as many 2013–14. These sessions included lodgements of Annual Information Statements, which are now almost entirely (98%) submitted online.

The ACNC will continue to implement and improve online engagement and transaction systems in 2015–16 to support registered charities and the public.

Engaging with the sector

We aim to be an approachable regulator and are committed to providing registered charities with guidance and support that assists them to understand and comply with the ACNC Act. Maintaining regular and open communication with charities is fundamental to this. As a new regulator we made a substantial effort to reach out to charities. In the first half of 2014–15, we invited charities to attend 36 'Ask ACNC' sessions in 32 locations around Australia (page 62). These sessions were an opportunity for the ACNC to engage with Australia's registered charities face-to-face, to help them understand our role as the charity regulator and their reporting obligations under the ACNC Act.



We also continued regular meetings with our Sector Users Group and Professional Users Group (page 63). The groups meet with the ACNC three times a year and have been invaluable in providing us with insights into the experiences of charities. The expert advice they provided has been instrumental in the development of three new Commissioner's Interpretation Statements.

During 2014–15 we continued to work with the sector to identify and resolve issues affecting registered charities. A common theme raised in 2014–15 was the impact of the now out-of-date registered charity information on the ASIC Register. While ASIC continues to register and wind up charitable companies (such as companies limited by guarantee), these entities now report to the ACNC and their up-to-date data is on the ACNC Charity Register. The lack of alignment between the ACNC and the ASIC Registers is causing significant difficulties for registered charities, particularly when accessing financial services. We have brought this to ASIC's attention and will continue to work with them on a resolution. A summary of the queries we have received from registered charities about this issue is available on page 36.

Adding value to charity data

The data we collect from charities has uncovered a wealth of information about the sector. To maximise the value of this information for the sector, it has been analysed and made available in formats such as the 2013 Charities Report and supplementary sub-sector reports (page 65). These provide the sector, community, researchers and policy-makers with an unprecedented insight into a sector that contributes billions of dollars to the Australian economy.

Commissioner's Interpretation Statements

The ACNC has built considerable experience in applying the law, having made numerous registration decisions.

Following wide-range consultation, during the 2014–15 year we published Commissioner's Interpretation Statements on:

- The Hunger Project case
- Provision of housing by charities
- Health Promotion Charities

These statements reflect our current understanding of the law on charity and are binding on ACNC staff. You can find more detail on the Commissioner's Interpretation Statements on (page 44).

Service standards

We strive to exceed expectations and our service standards are set accordingly. However, unlike 2013–14, in 2014–15 we did not meet all our service standards. This was due to unexpectedly high volumes of work around the lodgement of the Annual Information Statements, delays in filling staff vacancies and an increase in complexity of compliance cases. While the effort and professionalism of the ACNC's staff is unquestionable, our results against the service standards are disappointing. We will endeavour to improve our performance against these measures in 2015–16. See page 32 for further explanation.

The year ahead

Looking ahead, our priorities are to continue our efforts to reduce red tape for charities and continue to build public confidence in the sector.

Key focus areas for 2015–16 include:

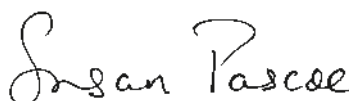
- further enhancing the Charity Register through better search functionality
- continuing to work with state and territory government agencies to achieve regulatory and reporting harmonisation and simplification
- ensuring charities meet their reporting obligations
- continuing to respond to concerns raised about charities
- providing the sector with analysis of the data we collect.

Thanks to staff, the Advisory Board and the sector

The gains that we've made as an organisation during the 2014–15 year would not have been possible without the dedicated staff at the ACNC. We pride ourselves on being a responsive regulator which knows and respects the sector it regulates and provides timely and useful services and advice. I would like to thank each member of the ACNC team for displaying professionalism, perseverance and commitment during ongoing uncertainty.

Thanks also to the ACNC Advisory Board for their informed and expert advice that helps guide the ACNC. In particular I would like to thank the Advisory Board Chair, Robert Fitzgerald AM, for his continued leadership.

And to all registered charities and NFP sector peak bodies – thank you for your unrelenting passion about the various causes you support. It is my privilege to be able to work with such selfless and dedicated people.



Susan Pascoe AM
ACNC Commissioner

Advisory Board Chair's review

It is indeed pleasing to acknowledge the ACNC's achievements during the past financial year and welcome the increased level of certainty over its future as indicated by the Government and Parliament in recent times. We trust that all uncertainty may be removed to allow the ACNC to meet its full potential.

In 2014–15 the ACNC Advisory Board met four times. The Board meetings, and sessions with invited sector representatives the day prior, were held in Hobart, Perth and twice in Melbourne.

During the sessions with sector representatives and more generally, Board members received unsolicited feedback from across Australia praising the ACNC, particularly the areas within the organisation that work directly with the public and the sector.

The support of the charity sector has remained strong even in the face of considerable uncertainty. It is very evident that the sector broadly endorses and understands the role of the ACNC and the benefits it can provide, including the increased transparency and connection with the public through the Charity Register. This is evidenced by the compliance rate for the 2013 Annual Information Statement of 99% and high levels of co-operation generally.

This is my third submission in an ACNC Annual Report and the developments each year have been substantial. In my first entry I spoke about the establishment of the ACNC and what the Board hoped to achieve. In the second year my focus was on the introduction of new or improved services for charities and the public, such as the Charity Portal and the Charity Register. In 2013–14 I also noted the impact of the continued uncertainty surrounding the future of the ACNC.



In February 2015 I was pleased to note comments made by the Minister for Social Services, The Hon Scott Morrison MP, which indicate that the Government have no immediate plans to progress the repeal of the ACNC Act. In June 2015 I was also heartened to see the Australian Senate pass a motion to withdraw the ACNC Repeal Bill which was carried unopposed. I thank the Parliamentary Members and Senators for their support.

In 2014–15 the ACNC truly emerged from its establishment phase and made significant progress toward achieving the Objects of the ACNC Act.

This included:

- Building an accurate and up-to-date Charity Register.
- Undertaking firm but fair compliance action.
- Analysing and sharing information gathered from charities.
- Reigniting work to reduce red tape for charities.

During this year the Advisory Board had a particular focus on:

- Reporting harmonisation with state and territory regulators.
- Transitional arrangements for highly regulated sub-sectors.
- Charity reporting to the ACNC and cleaning up of the Charity Register.
- Sub-sector specific guidance needs.
- The future strategic direction of the ACNC.

While significant progress has been made, this work is ongoing and is not without further challenges.

On behalf of the Advisory Board, I would like to thank the talented and dedicated group of staff at the ACNC, led so effectively by Commissioner Susan Pascoe. Their continued efforts are greatly appreciated. I also thank all those who have willingly cooperated in so many ways with the ACNC through consultations, advisory groups, sector forums and government inquiries.

We look forward to the ACNC not only surviving but further developing as an effective regulator contributing to the community's confidence in charitable endeavour in Australia.

Robert Fitzgerald AM

Chair, ACNC Advisory Board

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Role and functions

The ACNC Act

The ACNC was established by the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (the ACNC Act) on 3 December 2012.

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

The ACNC Act sets out three objects for the regulation of the Australian not-for-profit sector:

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

These objects set the direction for the ACNC's work as the national charities regulator.

The Charities Act

On 1 January 2014, the *Charities Act 2013* (Cth) (Charities Act) came into effect, establishing a statutory definition of charity and charitable purpose. The ACNC's implementation of the Charities Act in determining charitable status is discussed in detail on page 40 and our work to review charity subtypes is discussed on page 42.

What we do

The ACNC carries out the objects of the ACNC Act by:

- registering eligible organisations that apply to become new charities under the Charities Act
- helping charities understand and meet their obligations through information, guidance, advice and support
- regulating charities through annual reporting and a risk-based approach to compliance
- developing, maintaining and enhancing a free, searchable public register of charities (the ACNC Charity Register)
- working across Commonwealth and state and territory governments to reduce unnecessary regulatory obligations, streamline reporting requirements and develop and implement a 'report once, once often' framework.

Our vision, mission and values

The ACNC's Strategic Plan 2012–15 documented the organisation's vision, mission, values and strategic priorities for that three-year period. The Strategic Plan for 2016–19 will be finalised in the second half of 2015.

The vision, mission, values and strategic priorities in figure 2.1 will be reviewed as part of this process.

As documented in the Strategic Plan 2012–15, the ACNC's vision is to create a regulatory environment where Australia's registered charities can inspire confidence and respect.

The ACNC's mission and strategic priorities combine to clearly outline how we will achieve the objects of the ACNC Act.

Our values guide how the organisation engages and interacts with charities, the community and other stakeholders.

Figure 2.1: Vision, mission, values and strategic priorities



VISION

Charities that inspire confidence and respect



VALUES

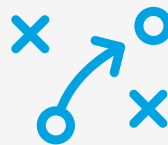
- Fairness
- Accountability
- Independence
- Integrity
- Respect



MISSION

The national independent regulator of charities working to:

- promote confidence in charities
- help charities to understand their obligations
- support the health of the sector
- streamline reporting and reduce red tape



STRATEGIC PRIORITIES

- Maintaining and enhancing public trust and confidence in charities
- Supporting charities to be healthy and sustainable
- Making it easier for charities by driving regulatory and reporting simplification
- Developing an independent, transparent and well governed organisation which is enhanced by a positive internal culture

Our leaders

The ACNC Executive comprises the Commissioner, the Assistant Commissioner, Charity Services and the Assistant Commissioner, General Counsel. The three members of the ACNC Executive have been in their roles since the establishment of the ACNC on 3 December 2012.



Susan Pascoe AM, Commissioner

The Commissioner is a statutory office holder. Susan Pascoe AM was appointed as the Commissioner from 6 December 2012 until 30 September 2017. Susan was a Commissioner at the State Services Authority in Victoria (2006–2011) focusing on regulatory reform. She served as one of three Commissioners on the 2009 Victorian Bushfires Royal Commission. Susan's earlier professional background was in education where she served as President of the Australian College of Educators, Chief Executive Officer of the Victorian Curriculum and Assessment Authority and Chief Executive of the Catholic Education Commission of Victoria. She chaired the Australian National Commission for UNESCO, and was a Patron for the Melbourne Parliament for the World's Religions. Ms Pascoe has served on a number of boards including the Board of Cabrini Health and the Senate of the Australian Catholic University.



David Locke, Assistant Commissioner, Charity Services

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, with responsibility for the strategic leadership and operational delivery of all the Commission's one-to-one services to charities. David has worked as an adviser to a number of international governments on the regulation of non-government organisations.

Our leaders



Murray Baird, Assistant Commissioner, General Counsel

Murray Baird joined the ACNC after a career as a private legal practitioner practising in not-for-profit and charity law and governance. He was previously Senior Partner and leader of the not-for-profit group at Moores Legal, Melbourne. As well as advising, writing and presenting on not-for-profit legal issues, Murray has acted in several leading cases in the field of charity law and served on the boards of public and private companies and charities.

Our structure



The ACNC leadership team

The ACNC has eight directorates.

Advice Services

- Manage the ACNC's help service, which responds to enquiries by phone, email, mail and fax
- Support charities by providing tailored and specific guidance
- Assist charities in meeting reporting obligations and on related issues
- Receive and resolve enquiries and concerns raised by the public
- Process ACNC approved forms
- Manage projects to 'clean up' the Charity Register

Business Services

- Provide finance services for the ACNC including budget administration and management of financial delegations
- Provide human resources support and management
- Manage the ACNC's professional learning and development
- Work with the ATO to provide streamlined back office support via a memorandum of understanding (MOU)
- Manage the ACNC's internal governance and risk management framework

Communications

- Inform and educate registered charities on their obligations under the ACNC Act
- Provide timely reminders to registered charities to help them meet their obligations
- Promote safe giving through use of the Charity Register search function
- Maintain the ACNC's online presence through management of acnc.gov.au and our social media accounts
- Manage internal communications to ACNC staff

Compliance and Reporting

- Administer the ACNC regulatory approach
- Investigate and resolve concerns about charities within the ACNC regulatory framework
- Provide insight into new and emerging risks, including identifying trends, issues and advice into the management of these risks
- Oversee design of the ACNC's Annual Information Statements
- Administer various reporting obligations set out in the ACNC Act and Reporting Regulations
- Develop and implement the ACNC 'report once, use often' reporting framework
- Promote the benefits and the sector's uptake of the ACNC reporting framework

Information Technology

- Develop, implement and maintain the IT systems used to deliver services to the charity sector, such as the Charity Portal
- Develop and implement enhancements to the Charity Register
- Provide IT infrastructure and support to ACNC staff
- Provide ongoing technical solutions such as delivery of the Charity Passport

Legal

- Provide legal advice to the Commissioner and ACNC staff on the interpretation and implementation of the ACNC Act and the Charities Act
- Provide legal advice on corporate compliance
- Provide training on relevant legal issues to ACNC staff
- Manage the conduct of litigation under the ACNC Act
- Manage the ACNC's obligations under the Freedom of Information Act and the Privacy Act

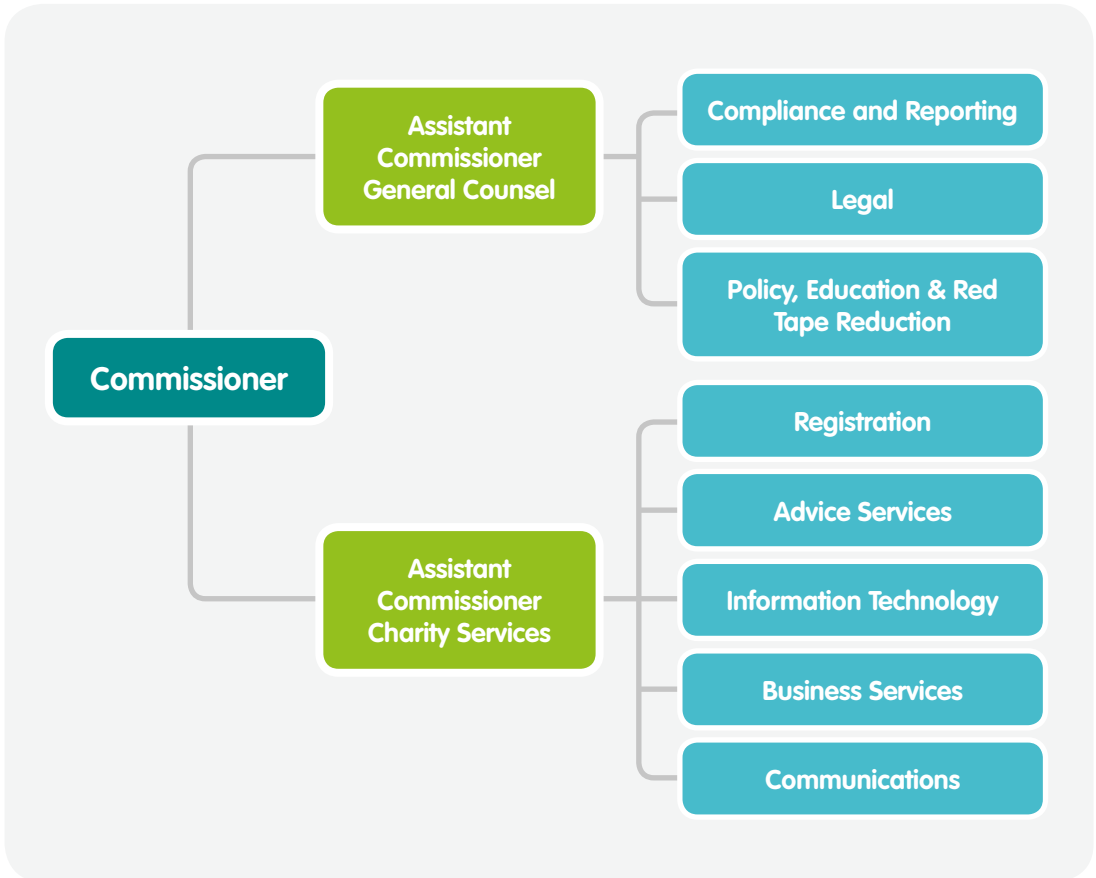
Policy, Education and Red Tape Reduction

- Develop and coordinate ACNC policies, procedures and forms
- Deliver guidance, education and research for charities and the community
- Work with other government agencies (Commonwealth, state and territory) to reduce red tape for charities and align regulatory obligations

Registration

- Determine charity registration applications, including charitable status and charity subtype
- Provide support and guidance through the registration process and assist charities to maintain their entitlement
- Populate the Charity Register with information about newly registered charities
- Streamline the Commonwealth charity tax concessions application process (by forwarding applications to the ATO on behalf of the charity)

Figure 2.2: Organisational structure



Advisory Board



ACNC Advisory Board

The ACNC Advisory Board is established under Division 135 of the ACNC Act to advise and make recommendations to the Commissioner in relation to the Commissioner's functions under the ACNC Act.

The Board consists of 12 members, eight being general members with expertise in the not-for-profit sector, law, taxation or accounting, and four ex-officio members.

General members are appointed for up to three years and ex-officio members remain on the Board for as long as they hold the specified office.

The Assistant Treasurer, as the Minister responsible for the ACNC, appoints the general members. General member's terms all finish on 14 February 2016.

In 2014–15 the Advisory Board met four times:

- 18 July 2014 – Melbourne
- 7 November 2014 – Perth
- 30 January 2015 – Hobart
- 15 May 2015 – Melbourne

The Advisory Board meets across Australia as part of rolling program that aims to meet in all states and territories.

The day before the Advisory Board meeting, the Board meets with invited representatives of local charities and key stakeholders to discuss issues facing charities in that region.

Meeting summaries of past Advisory Board meetings and the location of upcoming meetings are published on the ACNC website at acnc.gov.au/advisoryboard.

Members

Robert Fitzgerald AM, Chair

Robert Fitzgerald AM is the Chair of the Board. He has a background in law and public policy and has made a significant personal contribution to the charity and not-for-profit sector including through roles with the Australian Council of Social Service and St Vincent de Paul.

Mr Fitzgerald is currently a Commissioner to the Royal Commission into Institutional Responses to Child Sexual Abuse and on leave from his role as a Commissioner with the Australian Productivity Commission.

During his time at the Productivity Commission, Mr Fitzgerald chaired the Commission's major research study into the contribution of the not-for-profit sector, which produced a comprehensive and influential report in 2010. He was a member of the Inquiry into the Definition of Charitable and Other Organisations in 2001.

Fiona McLeay, Deputy Chair

Fiona McLeay is the CEO of Justice Connect. She has degrees in psychology, criminology and law. She practiced as a lawyer at DLA Piper and Clayton Utz and in 2000, Fiona became the Melbourne Pro Bono Coordinator of the Clayton Utz National Pro Bono Program. While at Clayton Utz she also established and ran the firm's national corporate citizenship program.

She became General Counsel at World Vision Australia in 2006 and later worked in their Policy and Programs Group and Engagement Group. Ms McLeay has served on the boards of a range of not-for-profit organisations and is currently on the board of the Human Rights Law Centre.

Gina Anderson

Gina Anderson is the Philanthropy Fellow at the Centre for Social Impact and Advisory Board Member, Initiative on Corporate Philanthropy, The Conference Board, USA. She is currently Chair of Women's Community Shelters; a Director of The George Institute for Global Health; and a Non-Executive Director of GDI Property Group and GDI Funds Management. From 2005–2010 she was Chief Executive of Philanthropy Australia, the national peak body for philanthropy and a not-for-profit membership association.

David Crosbie

David Crosbie is CEO of the Community Council for Australia and a member of the Not-for-profit Sector Reform Council.

He has extensive experience in the not-for-profit sector, including as the Chief Executive Officer of the Mental Health Council of Australia, Odyssey House Victoria and the Alcohol and other Drugs Council of Australia.

Mr Crosbie has a very diverse background having taught in prison, lectured at university, and spent most of his working life advocating for the marginalised.

Anthony Lang

Tony Lang is a Victorian barrister specialising in not-for-profit law. He has practised as a lawyer, principally in the NFP sector, for nearly 25 years. Since 1998, he has served as a Director on the Board of the Victorian Council of Social Service.

Professor Myles McGregor-Lowndes OAM

Professor Myles McGregor-Lowndes OAM is a Professor in the Faculty of Business at the Queensland University of Technology and Founding Director of The Australian Centre of Philanthropy and Nonprofit Studies (CPNS). He has advised and held board positions in a large variety of not-for-profit organisations over a period of 30 years.

Prof McGregor-Lowndes' special research interest is the law and regulation of not-for-profit corporations and he is the author of several books and publications on such issues. He is a founding member of the ATO Charities Consultative Committee.

In June 2003, he was awarded a Medal of the Order of Australia 'for service to the community by providing education and support in legal, financial and administrative matters to non-profit organisations'.

Paul O'Callaghan

Paul O'Callaghan is the CEO of Caritas Australia and the Oceania representative on the global Caritas board. He has previously held leadership positions at National Disability Services, ACFID and Catholic Social Services Australia and volunteered for the St Vincent de Paul Society for 15 years.

He currently serves on the board of ACFID, Micah and the Anti-Poverty Week Steering Group and played an active role in consultations with federal ministers from 2011–13 to achieve passage of the ACNC legislation. Mr O'Callaghan served as Australia's High Commissioner to Samoa and Representative to the South Pacific Regional Environment Program (1997–2000) and, prior to that, as a senior Australian diplomat in Malaysia and Thailand.

Sheila McHale

Sheila McHale is the Chief Executive Officer of Palmerston Association. Sheila is also on the board of the Community Employers' of WA, YMCA WA, a state councillor of the Governance Institute of Australia WA Division and vice chair of the WA Network of Alcohol and other Drug Agencies.

Ms McHale was a Member of Parliament of the WA Parliament for 12 years and Cabinet Minister for eight years. During this time she held a range of portfolios including Tourism, Consumer Protection, Community Development, Culture and the Arts, Disability Services and Indigenous Affairs.

Ex-officio members

Linda Mallett

Linda Mallett has over thirty years of experience in the human services sector in New South Wales in government and non-government agencies.

Ms Mallett is Executive Director, Ageing Disability and Home Care, with the Department of Family and Community Services in New South Wales. She is responsible for key reforms that will expand and improve the range of services across the sector that are flexible, responsive and individualised as NSW transitions to the National Disability Insurance Scheme (NDIS) in 2018.

Mark Cocker

Mark Cocker is the Director, Consumer Affairs and Fair Trading and the Residential Tenancy Commissioner in the Tasmanian Department of Justice. After having joined the Department of Justice in 1988 Mr Cocker has worked in many areas including the Office of the Director of Public Prosecutions and the Tasmanian Magistrates Court.

He managed the implementation and transition to the new fines recovery regime – the Monetary Penalties Enforcement Service – and has a strong commitment to leadership development and alternative dispute resolution.

Dini Soulio

Dini Soulio is the Commissioner for Consumer Affairs, Liquor & Gambling and Corporate Affairs in South Australia. Mr Soulio is responsible for the regulation of charities and associations in SA as well as having responsibility for fair trading, liquor and gambling regulation and occupational licensing. Mr Soulio's background is in law, consumer protection, corporate regulation and law enforcement. As a legal practitioner, Mr Soulio practiced in the areas of insurance, worker's compensation and criminal law. Mr Soulio moved to the public sector and was the Manager Border Enforcement with the Australian Customs Service before joining the Australian Securities & Investments Commission becoming Senior Manager, National Investigation & Insolvency.

Mr Soulio has been with Consumer & Business Services for the past 5 years and oversaw the establishment of that agency, leading the merger of the state consumer affairs and liquor & gambling agencies.

Mr Soulio replaced Lindy McAdam on the ACNC Advisory Board in April 2015.

Sean Parnell OAM

Sean Parnell is on secondment from the Northern Territory Police Force as the inaugural Northern Territory Director-General of Licensing. This role includes the regulation of charities and not-for-profits incorporated in the Northern Territory. Mr Parnell has been involved in a wide range of Catholic charitable and not-for-profit organisations in the Northern Territory and holds a Masters in Theology from the University of Newcastle.

Mr Parnell has previously attended ACNC Advisory Board meetings in place of Karen Avery. Mr Parnell formally replaced Ms Avery on the Advisory Board in May 2015.

Former members

Lindy McAdam

Lindy McAdam was replaced by Dini Soulio as an ex-officio member in April 2015.

While a member of the Advisory Board Ms McAdam was the Director, Community Connect, with the Department for Communities and Social Inclusion in South Australia. This included the state government Concessions Program, problem gambling support, low income support and non-housing affordable living programs delivered through the community sector. Ms McAdam also had corporate responsibility for Workforce Health and Safety. She was previously Director of the South Australian Government Office for Women. This diverse background gave her wide experience in working with non-government organisations.

Ms Karen Avery

Karen Avery was formally replaced by Sean Parnell OAM as an ex-officio member in May 2015.

While a member of the Advisory Board, Ms Avery was the Senior Director, Gambling and Licensing Services, Department of Business, Northern Territory Government. Ms Avery was appointed to the Advisory Board on 19 July 2013.

3

Performance and achievements

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Public trust and confidence in charities

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Driving regulatory and reporting simplification

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Supporting charities to be healthy and sustainable

Outcome and programme

The policy intent in the ACNC Act is that the regulator operates independently and efficiently in carrying out its regulatory functions.



The ACNC Commissioner is an independent statutory officer with sole responsibility for administering the national regulatory framework for charities. The ACNC purchases its back office services on a fee-for-service basis from the ATO.

For the purpose of reporting under the framework of the Australian Government's Portfolio Budget Statements, the ACNC constitutes Programme 1.5 of the ATO's report.

The ACNC's programme deliverables and key performance indicators are published in the Portfolio Budget Statements and are used to assess and monitor our performance.

Programme objective

The ACNC provides independent determination and registration of charities, health promotion institutions, and public benevolent institutions for all Commonwealth purposes. It operates a public information database, the Charity Register, to improve the transparency and accountability of the not-for-profit sector to the public.

Investigations into non-compliance with the ACNC Act help to maintain and enhance public trust and confidence in the charitable and not-for-profit sector.

The ACNC delivers education, advice and support to the sector to improve its governance and compliance with the ACNC Act. This promotes the sustainability and effectiveness of the not-for-profit sector.

The purpose of implementing a 'report-once, use-often' general reporting framework is to reduce red tape and simplify the regulatory framework in cooperation with other Australian Government agencies and state and territory Governments. The aim is to allow not-for-profit organisations to focus on delivering their services to the community rather than reporting to government.

Programme deliverables

As set out in the Australian Government's Portfolio Budget Statements (Programme 1.5 of the ATO), the ACNC has the following programme deliverables:

- number of charitable status determinations made within agreed timeframes
- number of visits to website, and Charity Register
- number of investigations into non-compliance with the ACNC Act and actions taken
- ACNC deregulation target met.

Programme key performance indicators

As set out in the Australian Government's Portfolio Budget Statements (Programme 1.5 of the ATO), the ACNC has the following programme key performance indicators:

- proportion of determinations delivered within agreed timeframes
- proportion of complaints and concerns of non-compliance with the ACNC Act addressed within agreed timeframes
- proportion of advice, education and guidance delivered within agreed timeframes
- percentage of charities' annual information statements submitted compared to the number of registered charities.

Performance reporting

The ACNC's performance against the deliverables and key performance indicators (KPIs) is reported here in the context of how they contribute to achieving the objects of the ACNC Act under the following headings:

- Service standards
- Public trust and confidence in charities
- Supporting charities to be healthy and sustainable
- Driving regulatory and reporting simplification

The table below sets out where the statements against the deliverables and KPIs can be found throughout the report.

Table 3.1: Deliverables and key performance indicators

Measure	Page reference
Deliverables	
Number of charitable status determinations made within agreed timeframes	32
Number of visits to the Charity Register and website	37 and 57
Number of investigations into non-compliance with the ACNC Act and actions taken	50
ACNC deregulation target met	67
Key performance indicators	
Proportion of determinations delivered within agreed timeframes	34
Proportion of complaints and concerns of non-compliance with the ACNC Act addressed within agreed timeframes	34
Proportion of advice, education and guidance delivered within agreed timeframes	34
Percentage of charities' Annual Information Statements submitted compared to the number of registered charities	45

Financial management

The ACNC is a listed entity under the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act), and reports through the Commissioner of Taxation as the accountable authority. For this reason, the ACNC's financial activities are officially reported in the audited financial statements in the ATO's annual report.

The ACNC is established with a Special Account which receives its own budget

appropriation for the purposes of administering the ACNC Act.

In 2014–15, \$15.039 million was allocated in the Special Account for the operation of the ACNC. The ACNC had an underspend of \$637 000.

The table below sets out the ACNC's expenditure for 2014–15 by cost centre. The figures include direct costs of the ACNC, but exclude corporate support and infrastructure costs for services provided by the ATO.

Table 3.2: Direct expenditure by cost centre, 2014–15

Cost centre	Salary costs \$'000	Supplier costs \$'000	Total \$'000
Executive	1 091	315	1 406
ACNC Advisory Board	17	182	199
Registration	2 874	167	3 041
Business Services	635	684	1 319
Communications	594	483	1 077
Advice Services	1 634	157	1 791
Information Technology	815	895	1 710
Policy and Education	698	415	1 113
Compliance	1 189	300	1 489
Legal	629	62	691
Reporting and Red Tape Reduction	250	-44	206
*Accounting Adjustment	277	31	308
Total	10 703	3 647	14 350

* Cost centre used by the ATO to allocate expenses that have been incurred on behalf of the ACNC.

Service standards

The ACNC is committed to transparency and high quality services guided by our core values of fairness, accountability, independence, integrity and respect.

We are committed to providing customers with prompt, professional and quality services. Indeed our Assistant Commissioner, Charity Services, encourages staff to 'surprise and delight' our clients with timeliness, courtesy and valuable support and guidance.

We have deliberately set high service standards despite our modest resources, in recognition of the need to support the charitable sector, especially during the establishment phase. We also want to model transparent, responsive, client-oriented service.

To measure our performance in these terms, service standards were developed in 2012–13. These were reassessed and new service standards came into effect on 1 July 2014 and have been used to measure our performance in 2014–15. The new service standards more closely reflect the business as usual workload and resourcing of an organisation nearing the end of the establishment phase. Given that the ACNC was resourced for a single object at its establishment, yet has administered an Act with three objects, this has taken some prudent management.

To complement the service standards, in 2014–15 we also established a service commitment that reflects our customers' expectations when they use ACNC services and reinforces our commitment to service excellence. Our service commitment and service standards are published on our website at acnc.gov.au/servicestandards.

Striving to meet our service standards

Registration

To promote excellent customer service, our current service standard for registration applications provide for one of our registration analysts to contact the applicant within five business days of lodging their application. This standard was achieved for 56% of applications, due to unexpectedly high work volumes causing delays in allocating applications to analysts for processing. Improving the timeliness of our communications will be a key area of focus in 2015–16.

We aim to finalise applications within 15 business days from receiving all necessary information. We achieved this for 91% of applications during 2014–15, exceeding the 90% benchmark.

Advice Services

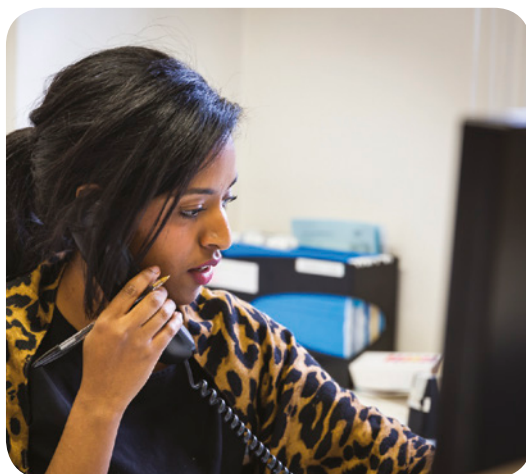
The ACNC's Advice Services team continues to strive to meet the service standards, and while this has proved difficult, charities continue to provide positive feedback following their interactions with the ACNC (see page 35).

Our ability to meet the service standards was impacted by the high volume of correspondence received in relation to:

- Over 60 000 reminder letters and emails which were sent in 2014–15 to remind registered charities to submit their 2014 Annual Information Statement.

- Advice Services undertook a project to resolve the status of over 6 000 charities by contacting them and determining if they were no longer operating or meeting ACNC charity registration requirements.
- Notice of Intention to Revoke and Notice of Revocation letters and emails, which were sent to 6 000 'double defaulter' charities – those that had failed to lodge both the 2013 and 2014 Annual Information Statement. In total, approximately 10 000 letters and emails were sent in 2014–15 as part of the double defaulter project.
- On 1 January 2014 the Charities Act came into effect. The Charities Act created new subtypes and removed old ones. This meant that approximately 35 000 charities were required to change their charity subtype before 30 June 2015, many of which required assistance.

In 2015–16 Advice Services will focus on improving the timeliness of responses to correspondence, processing forms and answering telephone calls.



Compliance

The Compliance directorate did not meet the 90% timeliness service standard for case closures in 2014–15. This was due to the increase in serious and complex cases which resulted in the revocation of charity status. As a new regulator, 2014–15 was the first year we used enforcement powers such as enforceable undertakings, and developing the systems and processes to do so added significant time to those cases.

However in 2014–15 the case closure rate reached 77%, a 16% improvement on 2013–14.

While we did not meet the 30 day service standard to provide a substantive response to complainants, all complaints were acknowledged within this timeframe, and the standard was met for the first six months of the year.

Delays in filling staff vacancies due to changes in Australian Public Service (APS) recruitment processes impacted on the Compliance directorate's ability to meet the service standards in 2015–16. With positions now filled the ACNC is confident that service standards will be reached in 2015–16.

Table 3.3: Service standards performance, 2014–15

	Benchmark	Benchmark/target	Achieved
When you contact us			
General telephone enquiries	Answered in 2 mins	80%	73%
General correspondence	3 business days	90%	59%
When you do business with us			
Processing approved forms	5 business days	95%	67%
Registering a charity: Acknowledgement of your application within 5 business days.	5 business days	95%	56%
Registering a charity: When we have received all the necessary information to progress your application, we aim to make a decision with 15 business days.	15 business days	90%	91%
When you report a concern to us			
Concerns about a charity: We aim to provide a substantive response to your concern within 30 business days.	30 business days	95%	64%
Complaints about the ACNC: Resolution of complaints will be as prompt as possible and in accordance with our policy. We aim to provide a full response within 5 business days.	5 business days	100%	95%
When your charity is under review			
Compliance review: If your charity is being reviewed we aim to finalise the review and notify you of the outcome within 90 business days.	90 business days	90%	44%
Investigations: If your charity is being investigated we aim to finalise the investigation and notify you within 180 business days.	180 business days	90%	64%
Investigations: Where an investigation is complex or high risk, we aim to finalise the investigation and notify you within 270 business days.	270 business days	95%	88%

	Benchmark	Benchmark/target	Achieved
When you request information we hold			
General information requests – acknowledgement	14 calendar days	100%	100%
Providing a response not falling under the Freedom of Information Act and Privacy Act	30 calendar days	100%	N/A
Freedom of Information Act requests	30 days	100%	100%
Response to Freedom of Information Act requests – where third party consultation is required	60 days	100%	100%
Privacy Act requests	30 days	100%	N/A

Feedback about the ACNC

The ACNC welcomes feedback from charities and the public and we use it to improve our services. Feedback includes both complaints and compliments about the ACNC’s services, resources, procedures, and the work of the ACNC.

Compliments and complaints about the ACNC

Advice Services received 143 written compliments during the financial year. The key themes were:

- timely, efficient and helpful nature of service
- high quality and professional service provided by staff
- well written, plain English and comprehensive responses provided to enquiries
- friendly, courteous and patient approach of the staff.

The Advice Services team uses feedback as one mechanism to measure the quality of service. Feedback helps staff monitor their performance, and provides them with tangible evidence of the value that they add to the sector through their support. While the number of compliments for 2014–15 is lower than 2013–14 (252), this reflects that we are no longer a new organisation, and clients have come to expect the level of service that we provide.



FEEDBACK FROM THE SECTOR

“Really helpful and excellent guidance.”

“I got precise, easy to follow steps on how to do it and where to get support or help if needed. I’m impressed. Well done and thank you.”

“I really appreciate your prompt and pleasant service.”

“Many thanks for your comprehensive and very helpful response. I really appreciate the extent to which you explained the difficulties in comparing overheads across charities.”



In 2014–15 the ACNC received 177 complaints about our services, most of which related to IT systems. During December 2014, a key reporting deadline for thousands of charities, the Charity Portal speed slowed significantly. We resolved the issues promptly and the Commissioner also extended the 2014 Annual Information Statement due date until 31 January for charities that were impacted. We are working to improve the capacity of the IT systems to cope with large volumes of data in the future.

An analysis of the queries and comments from customers about the 2014 Annual Information Statement revealed that:

- performance of the online form had a significant impact on the experience of customers and resulted in a high level of negative feedback
- questions in the Annual Information Statement rely too heavily on definitions in the form guidance, and
- current process for charities to amend incorrect Annual Information Statements is too burdensome.

These findings will inform planning for the 2015–16 reporting period and we are committed to a better experience for users of our services.

Other issues and concerns raised by registered charities

In 2014–15 the ACNC noted a significant increase in queries from registered charities that are companies limited by guarantee. This group, which accounts for approximately 10% of registered charities, were regulated by ASIC prior to the establishment of the ACNC in December 2012.

The issues raised related to:

- banks and other lenders relying on the out of date information on the ASIC Register
- mismatches between the ACNC's Charity Register and the ASIC Register, which is no longer updated for registered charities.

In 2013–14 the ACNC received 285 queries of this nature, however this more than doubled in 2014–15 to 748.

The ACNC has worked with ASIC since inception to rectify these issues to minimise the burden on registered charities, and continues to advocate with ASIC for companies limited by guarantee that are impacted by its out-of-date register.

Feedback on the registration process

All applicants are sent an online customer experience survey, which seeks information about the organisation's experience with the registration process, including the processing analyst's level of helpfulness, courtesy and knowledge, the overall quality of the registration process, and timeliness.

This year 95% of survey respondents reported overall satisfaction with the registration process, compared with 93% for 2013–14. In 2014–15, 86% of respondents were satisfied with timeliness, compared with 80% for 2013–14.

The increase in satisfaction reflects our ongoing commitment to improving our customer service.



2013–14	2014–15
93%	95%

**CUSTOMER SATISFACTION WITH
REGISTRATION PROCESS**

Public trust and confidence in charities

The first object of the ACNC Act is to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector. This object underpins all aspects of the ACNC's work.

Public trust and confidence in Australia's charities is vital for a sustainable and vibrant charity sector. Australian charities rely heavily on the support of the public through donations and volunteering.

The ACNC works to maintain, protect and enhance public trust and confidence in charities in a number of ways, including:

- increasing awareness of safe giving practices, including checking the Charity Register
- implementing a thorough registration process
- increasing transparency through publishing charities' Annual Information Statements
- undertaking risk-based compliance activity.

Every two years the ACNC measures public trust and confidence through the *Public trust and confidence in Australian charities* research report. The second of these studies will be completed in the second half of 2015.

The ACNC Charity Register

The Charity Register, the first free, searchable, database of Australia's 54 468 registered charities, can be accessed at acnc.gov.au/findacharity.

The Charity Register has greatly increased the transparency and accountability of Australia's charity sector. People are now able to easily access detailed information on individual charities, helping them to make informed decisions regarding donating, volunteering, starting a new charity, or accessing charity services.

The search functionality has helped the public, researchers, the sector and other government agencies more easily access the wealth of information that the Charity Register now holds.

In 2014–15 the ACNC implemented a variety of communication activities to help raise awareness amongst the public of the Charity Register, including media releases and interviews, social media, advertising and presentations at events.

Use of the Charity Register has grown each year since it was established, showing that it is a useful resource for members of the public and donors.

The ACNC has encouraged members of the public to access the wealth of information available on the Charity Register as a way of giving safely.



CHARITY REGISTER SEARCHES

2012–2013 → 85k

2013–2014 → 303k

2014–2015 → 432k

Feature

Building the Charity Register

Since the launch of the Charity Register in December 2012, the ACNC has worked to build an accurate database of charities so that the Australian community has an easy way to access credible information on all registered charities.

Initially the Charity Register held the records of 56 553 charities that had previously been endorsed for Commonwealth charity tax concessions by the ATO. These records were paper-based and largely out of date, as the ATO was not required or expected to keep a register of charities.

During 2014–15 the ACNC undertook a series of projects to ‘clean up’ and build the Charity Register. The emphasis was on confirming the operational status of charities and obtaining accurate and up-to-date information from them. This is largely achieved through the Annual Information Statements.

Since the launch of the Charity Register, over 9 000 charities have been removed or had their status revoked, as they were no longer operating or did not meet their obligations for two consecutive years. This includes 5 500 double defaulter charities, who failed to submit their Annual Information Statements for two consecutive years (see page 46).

Since the establishment of the ACNC, 6 399 new charities have been registered.

9,000 
**REVOKED/REMOVED FROM
THE CHARITY REGISTER —**

The Charity Register now holds detailed information about 54 468 registered charities and has grown to include over:

- 39 000 governing documents
- 86 700 Annual Information Statements* and
- 25 000 financial reports.*

* Includes both the 2013 and 2014 Annual Information Statements.

Building the Charity Register has been aided by the ACNC’s ‘digital by default’ approach to engaging with registered charities. Since the establishment of the ACNC, 98% of Annual Information Statements have been lodged online.

87K ANNUAL INFORMATION STATEMENTS
25,000 FINANCIAL REPORTS
GOVERNING DOCUMENTS **39,000**
ON THE CHARITY REGISTER

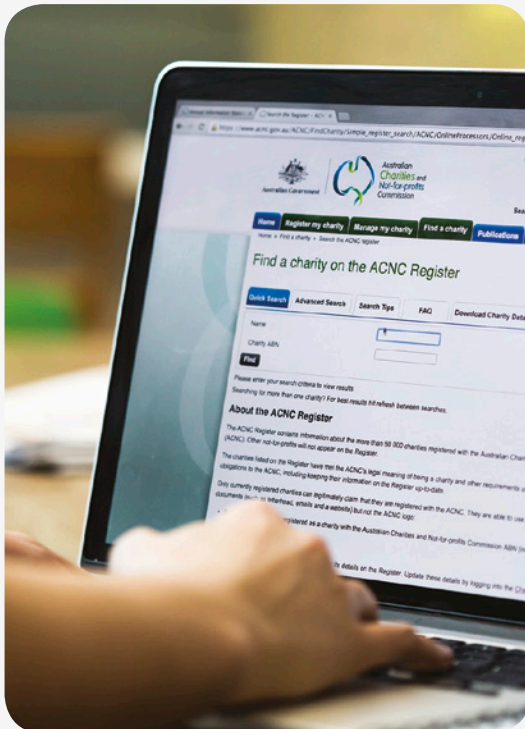
The 2014 Annual Information Statement marked the first time charities were required to provide financial information to a national regulator. Charities of all sizes were required to answer at least nine basic questions in their Annual Information Statement, with medium and large charities also required to provide reviewed or audited financial statements.

This information was published on the Charity Register, giving the public an unprecedented insight into the assets, revenue, liabilities and expenses of registered charities.

For the first time members of the public have been able to search a register to see if a charity is indeed registered, and then find out what it does, where it operates, the people who run it, the rules it needs to follow, and from 2014–15 onwards, its financial information.

To help the public interpret this new information, the ACNC published a series of factsheets in conjunction with the Queensland University of Technology's Centre for Philanthropic and Nonprofit Studies, and social impact analyst Emma Tomkinson.

The factsheets, available to the public at acnc.gov.au/understandingfinancialinfo, discuss the different financial elements we collect, the factors to consider when interpreting financial information, and also why we collect and publish this information.



Giving safely

The ACNC wants to encourage the public to give generously to registered charities and advises that they check the Charity Register to find charities to support. This message has been communicated to the public via the media, social media and advertising.

In 2014–15 we promoted safe giving using the Charity Register during key times of the year, including:

- Christmas
- End of the financial year
- Easter
- Ramadan
- Chinese New Year
- Following major national and international natural disasters.

The ACNC also warns people to be aware of charity-related scams that come to its attention, such as during times of natural disaster. And we provide practical steps on how to minimise the risk of being scammed, for example always checking the Charity Register and not providing personal information over the phone.



Registering new charities

We aim to provide a supportive and interactive registration process, recognising that some applicants have limited knowledge of charity law. Applicants lodging online receive confirmation on lodgement. Each new application is reviewed to determine completeness and complexity before being allocated to an analyst with an appropriate level of technical skill and experience. The analyst explains the registration process to the applicant via an introductory phone call or email message, and provides their contact details, so the applicant has a single point of contact for the application.

The ACNC's registration team continues to work with applicants to guide them through the registration process to achieve positive outcomes. Where possible, an analyst will work with the applicant so that they can resolve issues that would otherwise prevent them from meeting the registration requirements. In situations where the organisation is not a charity, the ACNC analyst clearly explains to applicant the reasons and the facts on which we had based our decisions. We explain the process by which the applicant can have the decision reviewed, and how they can take the matter to the Administrative Appeals Tribunal if they wish to do so.



The registration team reviews the objects and activities of each charity that applies to be registered with the ACNC. Each newly-registered charity receives a registration certificate and Charity Pack with useful information to assist them to manage their charity.

Most of the information provided by successful applicants as part of the registration process is included on the Charity Register.

Registration with the ACNC enables a charity to apply for Commonwealth charity tax concessions from the ATO. As part of the ACNC's commitment to reducing red tape, our registration application form enables applicants to apply for both charity registration and charity tax concessions at the same time. The ACNC provides this information directly to the ATO and other affected registers after charity registration is completed.

The Charities Act

The Charities Act defines a charity and charitable purposes for the purposes of tax concessions and regulation. The *Charities (Consequential Amendments and Transitional Provisions) Act 2013* (Cth) (the Charities (C&T) Act) sets out what other legislation was amended as a result of the Charities Act, and what the move from a common law definition of charity to a statutory one means for charities. Both Acts came into effect on 1 January 2014.

The Charities Act affirms that a charity must have charitable purposes that are for the public benefit. Any other purposes must be incidental or ancillary to, and in furtherance or in aid of, the charitable purposes. The Charities Act also requires a charity to:

- be not-for-profit
- not have a disqualifying purpose
- not be an individual, a political party or a government entity.

The Charities Act provides a statutory framework based on the common law principles but incorporates minor modifications to modernise and provide greater clarity and certainty about the meaning of those principles in contemporary Australia. The Charities Act also affirms that a charity may advance public debate about a charitable purpose as an independent charitable purpose.

The introduction of the Charities Act increased the number of charity subtypes from seven to fourteen. A charity's subtype reflects its charitable purposes. The most common subtypes applied for are advancing social or public welfare, advancing education, public benevolent institution, advancing religion and advancing health.

The Charities (C&T) Act provides a process for existing charities to update their former subtypes to the new subtypes corresponding to the charitable purposes set out in the Charities Act. Some old subtypes, such as advancing education, advancing religion, health promotion charities and public benevolent institutions are equivalent to new subtypes and were automatically updated on the Charity Register.

The ACNC has worked with existing registered charities that were not automatically transferred to a new subtype, to make them aware of the need to notify the Commissioner of their new subtypes. This has been a significant piece of work for the ACNC in 2014–15.

**ADVANCING SOCIAL OR
PUBLIC WELFARE PUBLIC
BENEVOLENT INSTITUTION
ADVANCING EDUCATION
ADVANCING RELIGION
ADVANCING HEALTH**

Registration applications

We received 3 344 new registration applications during the year, down from 3 841 applications lodged in the previous year. The fall in the number of applications lodged may be partially attributed to the large number of bulk registration applications lodged in 2013–14.

In 2014–15, 2 558 new charities were registered.

At 30 June 2015, 558 applications were still being assessed.

In 2014–15 we also received 192 requests to re-register double defaulter charities following revocation of their charity status due to failure to submit Annual Information Statements for two consecutive years.

Refusals

In 2014–15 we refused 337 applications, an increase of 120 over 2013–14.

The most common reasons for refusal were:

- the applicant provided insufficient information
- applicant has non-charitable purposes (for example, sporting or recreational purposes)
- applicant is not for the public benefit
- applicant does not meet the not-for-profit requirements.

Withdrawals

This year 475 organisations chose to withdraw their registration applications.

This was normally after the ACNC analyst had explained why the applicant may not be eligible for registration with the ACNC. Others withdrew their applications while they redrafted governing documents or resolved complex issues preventing registration.

Objections

Under the ACNC Act, a charity or its responsible person may object to certain ACNC decisions, requesting they be internally reviewed (see Review and appeals, page 75).

In 2014–15 we received 22 objections to decisions to refuse charity registration, or a particular subtype of registration, or decisions not to withhold information from the Charity Register.

In 45% of cases the objection was disallowed, meaning the ACNC's original view was confirmed. In 14% of cases, the objection was allowed, and in 41% of cases, the objection is still under review as at 30 June 2015.

New charities registered

2012–2013 → 700

2013–2014 → 3,141

2014–2015 → 2,558

Subtype updates

As a result of the introduction of the Charities Act, 34 570 charities had subtypes that required updating. Under the Charities (C&T) Act, charities were given 18 months from 1 January 2014 to nominate new subtypes. At 30 June 2015, 13 248 charities had transitioned to a new subtype.

To simplify the process, we enabled charities to update their new subtypes via the ACNC Charity Portal, and in the second half of 2014–15 we commenced an awareness campaign to encourage them to do this.

The most popular subtypes selected under this process were:

- advancing social or public welfare
- purposes beneficial to the public and analogous to other charitable purposes
- advancing health
- advancing culture
- promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia.

Although charities are no longer able to access a streamlined process for converting their old subtypes to the new subtypes, we will continue to work with charities to facilitate new subtype selections through the 2015 Annual Information Statement.

Voluntary revocations

Charities can apply to voluntarily revoke their registration with the ACNC. The ACNC must consider the criteria for voluntary revocation before accepting a charity's request. The majority of these requests are from charities that are no longer operating. We received 1 663 requests for voluntary revocation of charity registration in 2014–15, down from 1 997 in 2013–14. The high, but declining number, of voluntary revocations reflects the ongoing process of removing inactive charities from the Charity Register. Charities that have their registration revoked voluntarily still appear on the Charity Register, however their status clearly indicates that they are revoked.

Withholding information from the Charity Register

Under the ACNC Act, charities can apply to have information withheld from the

Charity Register on the following grounds:

- it is commercially sensitive and publication could cause harm to the charity or a person
- it is inaccurate, or is likely to confuse or mislead the public
- it is offensive
- it could endanger public safety, or
- it is covered by ACNC regulations.

The ACNC may also decide not to publish details of any warnings we have issued to a charity if:

- the information could cause detriment to the charity or a person
- the charity was not behaving in bad faith, and
- the matter has been dealt with so that withholding the information will not conflict with our objects under the ACNC Act.

Even if a charity meets one or more of the above circumstances the ACNC may refuse to withhold or remove information where it considers that the public interest in displaying the information outweighs the likely adverse effect.

Private ancillary funds have additional circumstances under which they can also apply to withhold information.

Table 3.4: Applications to withhold information from the Charity Register, 2014–15

	2014–15
Charities that made withhold applications	1 996
Charities can make multiple applications to withhold information. 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.	
Total number of applications	6 581
Requests allowed	3 316
Requests not allowed	1 893
Requests withdrawn	777
Requests currently being processed by the ACNC as of 30 June 2015	581

Commissioner's Interpretation Statements provide reliable guidance

Commissioner's Interpretation Statements (CIS) set out how the ACNC interprets and applies the law relating to charities. ACNC staff are bound by them when making decisions about charities, and use them to provide reliable guidance to charities and the public on how the ACNC understands and applies the law. CISs are particularly useful for ACNC registration staff and registration applicants.

The ACNC consults widely prior to publishing a CIS, providing drafts to the ACNC Advisory Board, the Professional User Group and the Sector User Group, as well as identified experts in the relevant area. Their feedback is taken into account in finalising the CIS for publication.

During 2014–15 the ACNC published the following CIS:

The Hunger Project – revised CIS

The ACNC first published a CIS on The Hunger Project case, dealing with certain questions concerning the requirements for public benevolent institutions, on 28 August 2013. The original CIS noted that the matter was on appeal to the Full Court of the Federal Court. The Full Court handed down its judgement on 13 June 2014, affirming the decision of the Federal Court, and the ACNC subsequently published a revised CIS, incorporating the Full Court's decision. Critically, the Full Court affirmed that a 'public benevolent institution' doesn't need to directly dispense relief.

Housing

Following the commencement of the Charities Act on 1 January 2014, a CIS and detailed reasoning statement on the provision of housing by charities was published by the ACNC on 1 December 2014.

The CIS deals with the questions:

- What charitable purposes may be fulfilled through the provision of housing?
- To whom can charitable housing be provided?
- What kinds of housing can be provided as charitable?
- How does commercial activity fit with the provision of charitable housing?
- What kind of interaction can occur between Government and charitable housing providers?



Health promotion charities

The concept of a health promotion charity (HPC) was introduced as a tax endorsement category by the *Taxation Laws Amendment Act (No. 2) 2001* (Cth). From the commencement of the ACNC on 3 December 2012, charities have been able to apply to be registered with the subtype of HPC. This CIS sets out the ACNC's interpretation of the requirements for a charity to be registered as an HPC.

Reporting to the ACNC

Reporting obligations

Registered charities have an ongoing obligation to report to the ACNC. All charities (except those also registered with the Office of the Registrar of Indigenous Corporations) must submit an Annual Information Statement within six months of their financial year-end, and the information is published on the Charity Register.

The 2014 Annual Information Statement was the first time registered charities were required to provide financial information. The requirement for financial information was proportionate to the size of the charity.

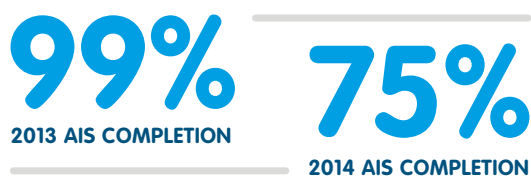
In 2014–15, the completion rate for the 2013 Annual Information Statement reached 99%, with 49 500 submissions in total.

During the same period the completion rate for the 2014 Annual Information Statement reached 75%, with 37 200 submissions. The total completion rate for the 2014 Annual Information Statement will grow during the first half of 2014–15 as late filers submit their outstanding statements.

As the requirement to submit an Annual Information Statement each year is still relatively new for registered charities, the ACNC has given considerable leeway to those that have not met their obligations by the due date. As charities have now been required to report their Annual Information Statement twice, this approach will be reviewed for future years.

Table 3.5: 2013 and 2014 Annual Information Statement and annual financial report submissions

	2013 Reporting Period	2014 Reporting Period ¹
Annual Information Statements	49 500	37 200
Annual financial reports	9 000 ²	16 000



As at 30 June 2015

- 1 Submission statistics for the 2014 reporting period were extracted as at 30 June 2015. They will continue to increase over subsequent months.
- 2 All annual financial reports were provided voluntarily for the 2013 reporting period.

Charity financial information

The 2014 Annual Information Statement, which was reported by the vast majority of registered charities in 2014–15, was the first time that the ACNC required financial information. Financial information was collected as part of the 2014 Annual Information Statement and also in separate annual financial reports for medium and large charities.

This information was published on the Charity Register and substantially increased the breadth of information available to the public. As this was the first year of financial reporting the ACNC carefully tracked the incoming data and identified a range of errors. The approach to correcting these errors is outlined below on page 49.

The type and amount of financial information required from charities provided was proportional to the size of the charity. In lodging their 2014 Annual Information Statement:

- small charities were required to provide at least nine basic financial elements, and had the option of providing an annual financial report
- medium and large sized charities were required to provide 12–15 financial elements and an annual financial report.

Medium sized charities were required to have their annual financial report reviewed or audited, and large charities were required to have their annual financial report audited.

The annual financial report included:

- financial statements, including an income statement, balance sheet and statement of cash flows
- notes to the financial statements
- the responsible entity's declaration that states whether, in their opinion, there are reasonable grounds to believe that the registered charity is able to pay all of its debts as and when they become due and payable and whether, in their opinion, the financial statements and notes satisfy the requirements of the ACNC Act.

Regulatory approach for charities that fail to report

Charities that fail to submit their Annual Information Statement by the due date receive a written reminder and warning from the ACNC. Where we establish that the charity deliberately intends not to submit its statement we can impose administrative penalties.

Six months after the due date, a public notice, or red mark, is posted on the Charity Register to indicate that the charity has not met its reporting obligations.

Double defaulters

Charities that fail to submit an Annual Information Statement for two consecutive years are classified as a double defaulter.

Since the establishment of the ACNC in December 2012, double defaulter charities have received between four and six reminders to submit their outstanding Annual Information Statements.

In March 2015 the ACNC began notifying double defaulter charities of our intention to revoke their charity status for continued failure to submit their Annual Information Statements – a legal requirement of maintaining their registration.

In 2014–15 over 7 000 double defaulter charities were issued a formal Notice of Intention to Revoke. The response from charities moving quickly to remedy this reporting failure dramatically increased the volume of calls and emails to ACNC. This contributed to the ACNC not meeting its service standards for timely responses in 2014–15.

Approximately 1 500 double defaulter charities submitted their outstanding Annual Information Statements and remain registered with the ACNC. Over 5 500 double defaulters had their charity status revoked, taking away their entitlement to Commonwealth charity tax concessions.

The ACNC will continue to revoke the charity status of double defaulter charities annually.

Minimising the reporting burden

The ACNC works with charities to minimise the burden of their reporting requirements through mechanisms such as grouping and bulk lodgement.

Grouping

Grouping allows a number of related registered charities to submit one Annual Information Statement and one financial report (if applicable) on behalf of the group.

In 2014–15, the ACNC approved 47 grouping applications. This allows a group of registered charities to submit just one Annual Information Statement and one financial report, instead of one for each registered charity. The groups comprise approximately 450 charities.

47
GROUPS { **450**
CHARITIES }

Bulk lodgement

Bulk lodgement allows more than one Annual Information Statement to be submitted on behalf of multiple registered charities on a single online form. Bulk lodgement differs from grouping as each charity will still submit its own Annual Information Statement.

Bulk lodgement is a streamlined process that assists corporate trustees or charity administration offices that manage multiple registered charities.

In 2014–15, 15% of 2014 Annual Information Statements were filed using bulk lodgement.



15%

2014 ANNUAL INFORMATION STATEMENTS WERE FILED USING BULK LODGEMENT

Charity size

A charity's reporting obligations to the ACNC are determined by size, which is based on annual revenue. Where a charity has a one-off increase in revenue that changes its size, a charity can apply to keep its charity size unchanged. In 2014–15 the ACNC approved 39 requests by charities to keep their charity size unchanged.

Substituted accounting periods

A substituted accounting period (SAP) is any reporting period that runs differently from the standard ACNC period of 1 July to 30 June. If a charity has a SAP it must ask for it to be approved by the ACNC. In 2014–15, 907 SAP applications were approved.

Transitional arrangements

The *Australian Charities and Not-for-profits (Consequential and Transitional) Act 2012* (Cth) (ACNC C&T Act) made provision for transitional reporting arrangements for the 2012–13, the 2013–14, and the 2014–15 financial years, including:

- At the discretion of the Commissioner, charities that provided financial reports to a state or territory regulator may have been able to submit the same financial reports to the ACNC, and have them accepted as meeting ACNC financial reporting requirements.
- In the 2013 reporting period, under Australian law, some medium and large registered charities were not required to provide a financial report that complied with the Australian Accounting Standards. These charities only needed to provide the ACNC with the same financial information as what was required in the financial section of the 2014 Annual Information Statement.
- Non-government schools that submit a financial questionnaire to Department of Education and Training were not required to complete the financial information in the Annual Information Statement and to lodge a financial report as the information in the financial questionnaire was deemed to have met ACNC financial reporting requirements.

Table 3.6: Reporting statistics

			2013 AIS	2014 AIS	
Bulk submissions			8 000	6 000	
	Received	Approved	Denied	Withdrawn	In progress
Grouping requests	71	47	0	7	17
Charity size requests	57	39	8	10	0
Extension requests	519	477	0	40	2
SAP requests	929	907	0	0	21

Errors Project

The 2014 Annual Information Statement marked the first time that all registered charities were required to provide financial information to the ACNC.

To check the accuracy of the data we initiated an Errors Project to systematically identify errors, issues and anomalies in the self-reported financial information submitted by registered charities.

The initial review of a sample of 150 registered charities identified common errors. We analysed the errors and published additional guidance for registered charities and professional advisers to help them correct their 2014 Annual Information Statement and annual financial reports.

Guidance for charities – Top ten tips for reporting financial information

The top ten tips highlighted the ten most common errors we had found during our analysis of the sample. The top ten tips explained the errors in easy to understand terms, and linked to existing guidance to help registered charities resolve any errors they had made.

Guidance for professional advisers – Lessons on reporting to the ACNC

The Lessons on reporting to the ACNC report explained the issues and errors we had found during our analysis in much greater detail, and included references to the relevant sections of the ACNC Act and Australian Accounting Standards Board requirements. The report also provided break downs of what kinds of charities were making particular errors, to assist professional advisers in identifying which of their clients were at greater risk.

Following the initial review of the sample and publication of the top ten tips and Lessons on reporting to the ACNC report, we undertook analysis of the full data set.

The primary areas of focus were:

- active charities that did not disclose any financial information in their Annual Information Statement
- selecting the wrong type of financial statements
- incorrect transcribing of annual financial report financial information
- calculation errors in the Annual Information Statement
- failure of medium and large charities to attach an annual financial report
- the failure of some charities to correctly categorise their size, which resulted in them failing to comply with ACNC obligations appropriate to the relevant size category.

Where we identified a material error in the information provided as part of the 2014 Annual Information Statement, we contacted the charity to request that they correct the issues within the legislated timeframe (28 or 60 days depending on the size of the charity). We also offered additional guidance and support.

Charities were able to quickly and easily log into the Charity Portal, correct the error, and re-submit their 2014 Annual Information Statement and annual financial reports.

As at 30 June 2015, hundreds of millions in charitable assets had been corrected or disclosed on the Charity Register as a result of the Errors Project. The full Errors Project will be completed in 2015–16 and we will report on the outcomes in the 2015–16 Annual Report.

Compliance

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. Since the establishment of the ACNC in December 2012, 1 694 concerns have been raised about Australia's charities.

In 2014–15, 810 concerns were raised with the ACNC, a 27% increase compared to 2013–14.

About two thirds of concerns raised in 2014–15 originated from members of the public.

The most common category of concern continued to be 'private benefit', whereby the charity's resources and assets were being inappropriately used by the individuals controlling the charity, rather than being used to pursue the charity's charitable purpose. Private benefit accounted for over a third of all concerns. Not complying with the ACNC Governance Standards was the second most common type of concern, however this relates to a range of different issues.

In 2014–15, private benefit (33%) and fraudulent or criminal activity (5%) accounted for a combined 38% of all concerns raised. These issues are the most likely to have a substantial negative impact on public trust and confidence in Australia's charities if they are not addressed.



33% OF CONCERNS RECEIVED FROM THE PUBLIC WERE ABOUT A CHARITY PROVIDING SOMEONE WITH PRIVATE BENEFIT

Table 3.7: Types of concerns received from the public

Risk category	2014–15
The charity was providing someone with private benefit	33%
The charity was not complying with the Governance Standards	30%
Other	18%
Activity not stated purposes	7%
Record keeping / reporting obligations	6%
Fraudulent or criminal activity	5%
The concerns were out of jurisdiction	1%

The majority of the concerns received by the ACNC (65%) were addressed by our Advice Services directorate through education, guidance, or were out of jurisdiction. Where the concern being raised is outside of the ACNC's jurisdiction, for example internal disputes or employment issues, we refer the complainant to the relevant regulator.

The remaining 35% were progressed to the Compliance directorate for assessment.

In 2014–15 the ACNC's Compliance directorate assessed 287 concerns, relating to 238 registered charities.

The compliance assessments found that the majority of substantiated concerns related to Governance Standard 5.

In 2014–15, 26 compliance cases were finalised. The outcomes were:

- 10 revocations of charity status – removing access to Commonwealth charity tax concessions, and other Commonwealth concessions, exemptions and benefits.
- One enforceable undertaking – a legally binding agreement between the charity and the ACNC committing the charity to a specific course of action.

- One request for further reporting.
- 14 instances where the charity was provided with regulatory guidance to rectify their situation.

Table 3.8: Compliance investigations, 2014–15

	2014–15
Number of investigations commenced	25
Number of investigations completed (some of these originated in 2013–14)	26
Number of investigations still in progress	11

CONCERNS RAISED WITH THE ACNC



Addressing the risk of terrorism financing

The *Terrorism Financing in Australia 2014* report released by the Australian Transaction Reports and Analysis Centre (AUSTRAC) in September 2014 assessed the risks associated with the misuse of charities and not-for-profit organisations, identifying charities as a potential channel for terrorism financing. The report stated that while the incidences of terrorism financing through charities was low, the risk remains high.

Allegations of terrorism financing by charities has been the subject of high-profile national mainstream media stories – highlighting the significant risk to public trust and confidence in charities, if they are found to be involved in this area. It is illegal for charities to support terrorist activities, and if an organisation is characterised by an Australian Government agency as engaging in or supporting terrorist or other criminal activities, it is ineligible for registration under the ACNC Act (s.25-5(3)(d)).

In 2014–15 we continued our work to minimise the risk of terrorism financing through registered charities by:

- Continued collaboration with other regulators, including AUSTRAC, the ATO and the Australian Federal Police (AFP), to better understand the risks, identify trends and share intelligence.
- Confirming that registered charities that are Australian Council for International Development (ACFID) members, who comply with the ACFID code, will be deemed to comply with the ACNC governance standards.
- Publishing guidance for overseas aid charities in respect of terrorism financing – for example the checklist, *Protecting your charity against the risk of terrorist financing*.
- Participating in the quarterly Charity Compliance Intelligence Forum, which brings together the state and territory fundraising authorities.
- Hosting the International Charity Regulators Teleconference, with participation from charity regulators and tax authorities in eight countries, sharing methodologies and insights.
- Working with both state/territory regulators and international regulators on investigations that have crossed jurisdictions.
- Planning sector briefings to help charities operating overseas to minimise the risk of financing terrorism. These sessions will be held in 2015–16.

As stated in the Charity Compliance Report December 2012 – December 2014, charities operating overseas will continue to be a focus for the ACNC in 2015–16.

Information gathering powers

Most charities provide information voluntarily during compliance investigations. However the ACNC will use formal information gathering powers when necessary. In 2014–15, the ACNC issued 45 formal section 70-5 information gathering notices. Twenty-one notices were issued to charities and responsible persons, and 24 notices were issued to third parties.

Charity Compliance Report: December 2012 – December 2014 and Beyond

In 2014–15 the ACNC published the Charity Compliance Report, a two-year analysis of our compliance activity. The report covered the period of December 2012 to December 2014.

The aim of the report was to share what we learned from our compliance activities with the charity sector and the public.

The analysis will also inform our future compliance focus.

Concerns raised with the ACNC

The report found that the ACNC received over 1 300 concerns about charities in our first two years and that the majority of these were raised by members of the public (67%).

Referrals from other government agencies (18%) and internal processes (15%) were the other main sources.

While most of these were addressed by the Advice Services directorate through guidance and education, 521 concerns were progressed to the Compliance directorate for further assessment during this two year period.

Areas of non-compliance

The report found that over the first two years, complainants were commonly concerned about:

- charitable resources being used inappropriately for the private benefit of individuals controlling the charity or their associates
- possible financial mismanagement and fraud within the charity
- charities failing to follow their constitutions and not being transparent or accountable to members
- charities that appear to be harming their beneficiaries, and
- sham charities soliciting funds, and fundraising scams generally.

Compliance outcomes

The ACNC's Compliance directorate assessed 521 concerns; which resulted in 96 registered charities being subject to a compliance review or investigation. These registered charities controlled over \$100 million in combined charitable assets.

The investigations resulted in:

- 67 notices to obtain information and documents
- three requests for additional reporting from the charity
- one warning
- one direction
- one enforceable undertaking, and
- 9 revocations of charity status.

Working with charities

The report found that since December 2012, most charities want to do the right thing and will self-correct where there is an issue.

Our experience has shown that as a proportionate and risk-based regulator we've been able to work very constructively with charities.

The future

As the ACNC continues to receive more information about charities through the Annual Information Statements, including financial information, we are building a better picture of the charity sector. We will use this information to proactively to identify non-compliance in the future.

We will also focus on charities that provide private benefits to their responsible persons or associates, charities that operate overseas – to ensure they protect their assets against the risk of being misused for terrorist financing – and charities that may be involved with illegal activity or tax avoidance.

Working across government

We have worked with other government agencies to determine who is best placed to act, so charities are not burdened with enquiries from multiple government regulators.

In 2014–15, the ACNC:

- received 42 referrals from other government agencies
- made 36 referrals to other government agencies where the ACNC considered there may be possible action under their legislation.

01

CASE STUDY

Private benefit leads to revocation of charitable status

About the charity: A medium-sized charity raised funds from a variety of sources including charity bins and then made donations to charities overseas.

Why we got involved: Another agency notified the ACNC that charitable funds may have been used by responsible persons to purchase private property.

What action we took: The ACNC commenced an investigation and worked with the charity to establish how it had used its charitable funds.

What we found: The ACNC investigation found that the responsible persons had taken charitable funds for private use by taking out a personal loan. The charity had not met the requirements of Governance Standard 5, as it had failed to take reasonable steps to ensure that its responsible persons acted in good faith and in the charity's best interests, managed financial affairs responsibly and did not misuse their position.

What were the consequences: The ACNC reached the conclusion that there had been a serious breach of the governance standards and charitable funds had been misused, and therefore charity status was revoked.

Our regulatory approach

The ACNC takes a proportionate approach to compliance, and this is guided by the regulatory pyramid.

Figure 3.1: Regulatory pyramid of support and compliance



The ACNC's regulatory approach reflects our belief that the overwhelming majority of people involved with charities are honest and want to do the right thing. However, we act swiftly and firmly where vulnerable people or significant charity assets are at risk, where there is evidence of serious mismanagement or misappropriation, or if there is a serious or deliberate breach of the ACNC Act.

The ACNC uses a risk-based approach to allocate its compliance resources to address concerns about charities. This is consistent with objects of the ACNC Act, which require the Commissioner to have regard to, among other things, the principles of regulatory necessity, reflecting risk and proportionate regulation (section 15-10 of the ACNC Act).

All concerns raised with us about charities are evaluated to determine whether the concern is credible and the potential consequences. There are five factors we consider when assessing the concern.

Figure 3.2: Factors

THE FIVE FACTORS WE CONSIDER AS PART OF OUR PRIORITISATION PROCESS:

- 1 THE NATURE OF THE CONCERN
- 2 PERSISTENCE
- 3 HARM TO THE SECTOR AS A WHOLE
- 4 OTHER FACTORS SPECIFIC TO THE CONCERN
- 5 OTHER FACTORS SPECIFIC TO THE CHARITY

02 CASE STUDY

Concern identifies school's governance issues

About the charity: The charity was established for the purpose of operating an independent non-government school.

Why we got involved: A concern was raised with the ACNC over governance-related issues, including that the principal was exercising excessive control over the management committee. Assistance was sought from the ACNC to improve the responsible persons' understanding of their regulatory obligations and the charity's compliance with the governance standards.

What action we took: The ACNC reviewed the concern and provided regulatory advice to the responsible persons regarding their obligations under the ACNC Act and Regulation, via both written communication and face-to-face meetings. The charity worked with the ACNC to identify the areas of improvement and the best option available to address the compliance concerns. The charity acknowledged that it required some assistance in enhancing its record keeping procedures and governance framework and offered to address the concerns.

Lessons for other charities: It is important that charities have an appropriate and tailored governance framework to ensure that decisions are being made in the best interests of the charity and that the charity is working towards its charitable purposes.

In this case, the lack of governance resulted in the principal of the school exercising excessive control over the management committee, effectively preventing them from fulfilling their obligations as responsible entities. This created the risk that the charitable purposes were not being pursued.

Supporting charities to be healthy and sustainable

The second object of the ACNC Act is to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector.

The ACNC helps charities to understand and meet their obligations through education, guidance, advice and other support. We use our understanding of charities to develop practical resources that help charities practise good governance, and reduce the risk of charity resources being misused.

We provide information to the public to help them understand how charities work, and how to use information about charities to inform their decisions when giving or volunteering. The analysis of data we collect about charities allows us to paint a clear picture of the critical role charities play, the valuable services they deliver, and their nature and diversity.

Helping charities understand their obligations

We know that 67% of charities registered with the ACNC are small, and a significant proportion are unincorporated associations (groups of people working together on a common cause who have not taken the step of creating a separate legal structure). Some of these charities may not have knowledge or experience in charity regulation. Our experience tells us that a lack of understanding is a key factor in non-compliance. This drives our guidance and education approach, which is to provide all of our resources in plain language, and to support charities to meet their obligations in as simple a way as possible. To this end we provide checklists, online self-assessment tools, and simple as well as more detailed guides (such as on registration and reporting).

Where appropriate, we refer charities to resources created by other agencies to explain legal or other complex issues to avoid duplication of guidance materials.

During 2014–15, our guidance work has focused on supporting charities to transition to new charity subtypes and on financial reporting to the ACNC (for the first time). Informed by analysis of the enquiries to Advice Services and from the previous year's experience, we were able to identify points of confusion and the 2014 Annual Information Statement guidance included a checklist, a guide, a sample form and a worksheet to help charities understand the requirements and prepare for reporting.

The reporting guidance was supported by the series of 36 Ask ACNC sessions held in 32 locations across Australia in 2014–15. We encouraged all registered charities to attend and 3 434 registered for a session.



4 MILLION

→ [VIEWS OF ACNC.GOV.AU](https://www.acnc.gov.au)

Other guidance resources developed during the year included:

- a package of guidance templates, including a model constitution for charitable companies limited by guarantee and sample charitable purpose clauses (see feature), as well as templates for the ongoing management of a charity (template AGM agenda and notices, meeting minutes and reporting templates).
- a series of monthly webinars focusing on compliance with ACNC obligations, such as the governance standards and reporting, and which also included a tour of the ACNC Charity Portal.
- Factsheets and videos translated into 17 different languages to support charities being operated by people from culturally and linguistically diverse backgrounds (published in 2015–16).

Feature

Companies Limited by Guarantee template constitution

One of the significant achievements of this year has been our development of a template constitution for charitable companies limited by guarantee. This template is supplemented by a detailed clause-by-clause guide, a quick checklist for completing the constitution and a table that sets out which sections in the *Corporations Act 2001* (Cth) may be relevant to clauses in the template constitution. It was created through extensive consultation, including with charity representatives.

The template resource was developed for use by companies with a reasonably straightforward membership, to enable them to adopt rules that meet ACNC requirements for registration, as well as covering off on ASIC and ATO requirements.

Approximately 10% of registered charities have this legal structure. Before this template was released many of these charities would have needed to seek legal advice to develop a draft constitution, and ensure it met all of the requirements of the relevant regulators.



FEEDBACK FROM THE SECTOR

“The new template constitution removes a significant barrier for organisations considering becoming a charitable company, and provides an excellent precedent for an easy-to-use, contemporary set of rules that meets legal requirements.”

“This invaluable resource shows how greatly the ACNC continues to support the organisations it regulates – charities can now easily ensure that their structure facilitates their mission.”



Personalised advice

The Advice Services directorate provides support via phone and email. More than 60% of the enquiries received by Advice Services through the year were related to supporting charities to complete the Annual Information Statement, and updating their charity's details.

The remaining enquiries, approximately 1 330 per month, were about starting charities, charity law, concerns about charities and updating charity details.

Table 3.9: Personalised advice provided to charities

	Calls answered	Correspondence (email/post)
2013–14	41 433	37 911
2014–15	39 835	32 110



Maintaining high quality service

To ensure we are maintaining a high quality and accurate service, the Advice Services directorate operates an ongoing learning and development program for its staff. During 2014–15 these covered:

- health promotion charity law
- the Hunger Project case
- policy and procedural changes, new forms and Annual Information Statements
- Australian privacy principles and ACNC privacy policy
- charity scams and scam regulation
- ACNC governance standards.

We also engage guest speakers from the charitable sector and other regulators who work with charities to ensure staff remain engaged with the sector and the challenges faced by charities.

In 2014–15 these sessions featured speakers from charities, peak bodies and other regulators including RedR Australia, the Dispute Settlement Centre of Victoria, Fundraising Institute of Australia, Consumer Affairs Victoria and Justice Connect.

Charity Portal – self-service for charities

The ACNC is a national regulator based in one physical location. Therefore we are very reliant on charities and the public accessing our services online.

To assist, our website is regularly updated with new guidance materials, we hold monthly webinars, and in 2013–14, we opened the Charity Portal.

The Charity Portal is a secure 'self-service' system charities access via our website. It allows charities to log in and complete tasks that would have previously required them to submit a form via email or post, saving significant time and effort.

Using the Charity Portal, charities can:

- submit the Annual Information Statement online
- print a copy of their charity certificate or request an original charity certificate
- change their address for correspondence
- change the charity's legal name
- change other contact details such as phone, email and website
- update responsible persons and their details
- upload the charity's governing documents
- select a new subtype.

Use of the Charity Portal has grown steadily over time, from 1.5 million sessions in 2013–14 to three million sessions in 2014–15. In 2014–15 the ACNC continued to improve the Charity Portal with the addition of an online password reset function. Following the first reporting cycle (the 2013 Annual Information Statement), the ACNC now holds enough information about registered charities to allow them to verify their identity online. The new password reset function has dramatically reduced the amount of time required for a new password to be issued.



Engaging the sector

Face to face

The ACNC is committed to ongoing engagement with charities, peak bodies and professional advisers. Maintaining and strengthening these relationships helps preserve a two-way flow of communication between the sector and the ACNC.

Much of the ACNC's engagement with charities is through online communications such as the Commissioner's Column, email correspondence with our Advice Services directorate, our social media presence, acnc.gov.au, and the ACNC Quarterly newsletter.

However, given that not all charities are able or want to engage with the ACNC online, we regularly accept invitations for senior staff to present at not-for-profit sector events, conferences and seminars. In 2014–15, our staff presented at 104 sector events.

At large not-for-profit sector conferences we also operate booths staffed by ACNC team members. This face-to-face engagement gives charities an opportunity to speak directly with ACNC staff to better understand their obligations.

Table 3.10: ACNC sector events, 2014–15

State/territory	City	Number of events
Australian Capital Territory	Canberra	6
Northern Territory	Darwin	1
	Regional	1
New South Wales	Sydney	18
	Regional	5
Queensland	Brisbane	11
	Regional	6
South Australia	Adelaide	4
	Regional	2
Tasmania	Hobart	2
	Regional	1
Victoria	Melbourne	32
	Regional	8
Western Australia	Perth	5
	Regional	2
Total		104

The ACNC aims to increase visits outside of Victoria in 2015–16.

Feature

Ask ACNC

We are committed to offering charities an opportunity to come and hear from us and ask questions in person, where possible, given that charities are located right across Australia, including in the farthest reaches of the country.

A series of Ask ACNC sessions were held across Australia in the second half of 2014. At the conclusion of the first reporting period there was a substantial minority of charities that had not submitted their 2013 Annual Information Statement, a requirement for ongoing registration.

The sessions were designed to help charities understand their reporting obligations, including providing financial information as part of the 2014 Annual Information Statement. The sessions also discussed the Charity Register and how to use the Charity Portal and provided an overview of the charities in their region.

The Ask ACNC sessions resulted in an increase of Annual Information Statement submissions.

“The whole session was very useful. Including finding out information I was unaware of, asking questions and staff working with me to work through my questions and updating details. The staff were very friendly, approachable and helpful. Thankyou to you all.”

OVERVIEW

36 Sessions in 32 locations across the country with 3 434 participants registered

11 Introduction to the National Standard Chart of Accounts (NSCOA) sessions delivered

4 Sessions included staff from the ATO's not-for-profit group providing advice services

2 Aboriginal and Torres Strait Islander organisation sessions delivered

2 Sessions included Consumer Affairs Victoria providing advice services



Feature

Roundtables

The ACNC Stakeholder Engagement Program for 2014–15 included a program of roundtable events, where our focus was on targeted and effective engagement with specific charity subsectors.

In 2014–15 the ACNC held four roundtable events for faith-based charities, and culturally and linguistically diverse charities.

We provided an overview of our recent work and future directions, presented new data on faith-based charities using a dedicated analysis of the Australian Charities 2013 Report, explained

the meaning and implications of the Basic Religious Charities category, and discussed major challenges for faith-based charities with a view to identifying opportunities for the ACNC to reduce red tape for this sector.

Participants indicated high satisfaction with the roundtable approach and valued the opportunity to keep abreast of ACNC policy, research results and current issues. The sessions allowed us to promote the value of compliance and get support to encourage charities to address any outstanding compliance issues.

User groups

The ACNC has established two user groups, the Professional Users Group and the Sector Users Group, as regular, structured vehicles to engage with representatives of the charity sector and other stakeholders.

Both groups meet in Melbourne three times a year.

The Professional Users Group comprises professional advisers to the charity sector, representatives of other agencies involved in regulating charities, and the ACNC. Members are invited to comment on matters of procedure, new guidance and publications, and sector interaction to enable the ACNC to continuously improve its regulation of the sector.

The Sector Users Group is made up of representatives of peak bodies and of small, medium and large registered charities, other government agencies, and the ACNC. The purpose of this group is to seek feedback on ACNC procedures, guidance and publications, and on our interactions with, and regulation of, registered charities.

By hosting the Professional Users Group and the Sector Users Group the ACNC is ensuring that it is open and accountable in the way we operate and the thinking behind our processes.

On 31 March 2015, the Professional Users Group and Sector Users Group were approved by the Assistant Treasurer as the formal combined mechanism of consultation under the new Regulator Performance Framework.

Online

The ACNC is an online organisation and our website, acnc.gov.au, is the primary channel for the delivery of guidance and support to charities. The vast majority of charities use our online self-service system, the Charity Portal (see page 59), to meet their obligations under the ACNC Act.

Page views of acnc.gov.au grew in 2014–15 to four million, up from 3.6 million in 2014–13, reflecting the increased awareness of the ACNC and the Charity Register among members of the public, and more charities accessing our guidance and support materials.

In March 2015 the ACNC added online webinars to the range of guidance and education materials available on acnc.gov.au. The series of four webinars were popular with charities across Australia and covered topics such as meeting the governance standards, reporting to the ACNC and using the Charity Portal. In 2014–15, 252 representatives of charities registered to attend the webinars.

The webinars will continue into 2015–16 to allow more charities, particularly those in regional areas, to participate and interact with ACNC staff.



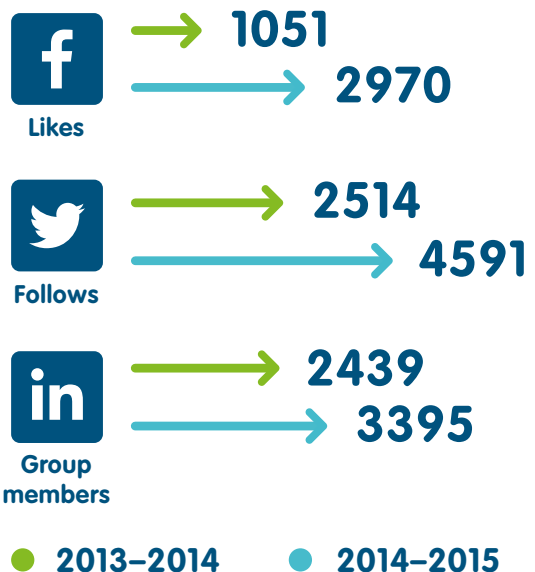
The ACNC's social media presence continued to grow in 2014–15. The growth is likely due to increased awareness of the ACNC in general, and also our commitment to provide information via these channels and engage with our followers. We have endeavoured to provide relevant and informative content, and respond to enquiries and comments in a timely manner.

We use our social media accounts to:

- remind charities of their reporting obligations
- remind charities of upcoming deadlines and due dates
- promote new education and guidance materials
- share research findings
- support days and weeks of note (such as ANZAC Day and Volunteer Week)
- encourage members of the public to always check the Charity Register
- alert the public to scams that we've become aware of
- distribute ACNC media releases.

The most popular topics of discussion relating to the ACNC on social media during 2014–15 were the 2014 Annual Information Statement, particularly the reporting of financial information, and the ACNC's compliance activity (specific revocations and the Compliance Report).

Whilst our social media following remains modest, we are committed to growing this and our subsequent reach in 2015–16.



Research – creating a detailed picture of the charity sector

As well as the Australian Charities 2013 Report and online dataset, we also published reports on public trust and confidence in charities and red tape, and helped sector researchers to meet and share their work.

Australian Charities 2013 Report

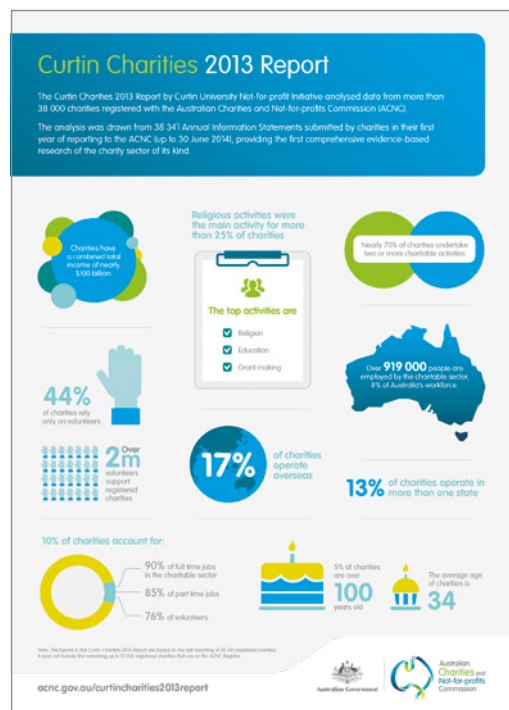
The Australian Charities 2013 Report, published in September 2014, was produced by Curtin University of Technology, and based on the data provided by charities in their 2013 Annual Information Statement.

The report analysed the Annual Information Statements of more than 38 000 charities that were submitted by 30 June 2014. In 2015–16 the ACNC will provide Curtin with the Annual Information Statements that were submitted past the due date, which will allow the report to be updated to fully represent the activities of the sector for that period.

The 2013 Annual Information Statement collected data about charities, their activities, beneficiaries, staffing and reporting obligations. For the first time, comprehensive information about the sector was available for analysis. Curtin's report is the first single-source, evidence-based research of its kind, and is valuable for anyone wanting to understand more about the charity sector, including the general public, policy makers and charities.

The key findings were:

- Charities undertook a broad range of activities in 2012–13, ranging from religious, community development and research activities to emergency relief, animal protection and international pursuits.
- Religious activities were the main the activity for more than 25% of charities, followed by primary and secondary education for 6% of charities.
- 10% of charities accounted for 90% of full time jobs and nearly \$90 billion of income in the sector.
- 75% of small charities do not employ full time staff.
- The peak number of volunteers employed by organisations is between five and 19.
- Nearly 1 million people are employed across the sector.



Submissions to NFP sector inquiries

In 2014–15, the ACNC made six submissions to government inquiries that impacted the not-for-profit sector.

Commonwealth Government

Competition Policy Review (the Harper Review)

The ACNC made a submission to the comprehensive review of Australia's competition laws and policy, led by Professor Ian Harper, on 28 November 2014.

Senate Economics Legislation Committee

The ACNC made a submission to the Inquiry into the Corporations Legislation Amendment (Deregulatory and Other Measures) Bill 2014 on 19 January 2015. The ACNC did not appear at the hearings.

Senate Select Committee on Wind Turbines

The ACNC made a submission to the Inquiry into the application of regulatory governance and economic impact of wind turbines on 20 February 2015. The ACNC submission was in response to an invitation from the Committee.

Productivity Commission Inquiry into Business Setup, Transfer and Closure

The ACNC made a submission to the Productivity Commission public inquiry into barriers to setting up, transferring and closing a business and identifying options for reducing barriers on 20 February 2015.

House of Representatives Standing Committee on the Environment

The ACNC made a submission to the Inquiry into the Register of Environmental Organisations, on 21 May 2015. ACNC Commissioner, Susan Pascoe AM, Murray Baird, Assistant Commissioner – General Counsel and Susan Quinn, Senior Policy & Education Officer attended the hearing on 18 June 2015.

New South Wales Government

NSW Office of Liquor, Gaming and Racing Consultation on the Proposed Charitable Regulation 2015

The ACNC made a submission to the New South Wales Government's consultation on proposed changes to its Charitable Regulation 2015, including the Regulatory Impact Assessment, on 24 June 2015.

Driving regulatory and reporting simplification

The third object of the ACNC Act is to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC's approach to red tape reduction is two-fold:

- limiting its own regulatory requirements to those necessary to maintain, protect and enhance public trust and confidence in the sector and to support a robust and innovative sector
- working with other agencies to reduce unnecessary or duplicative administrative requirements imposed on the sector.

The ACNC works with other agencies at national and state/territory levels to remove unnecessary regulatory obligations. Work at the national level is focused on sharing charity data with government agencies through the Charity Passport to reduce the number of times charities have to report the same information to multiple agencies. The ACNC has also been working to implement streamlined reporting arrangements for charity subsectors that already have high levels of reporting to another government agency.

Work with states and territories is focused on harmonising or aligning the national, state and territory regulatory frameworks for charities. This work had been hindered by uncertainty about the ACNC's future. However, it was prioritised in the second half of 2014–15 and will be a focus throughout 2015–16. The dialogue is progressed on a bilateral basis, and is led by the Commissioner and Assistant Commissioners.

Deregulation agenda and savings

The ACNC contributes significantly to the Australian Government's deregulation agenda. Key elements of the agenda implemented by the ACNC are the Regulator Performance Framework (RPF) and costing of deregulation savings.

The ACNC contributed \$10 million of annual deregulation savings during 2014–15.

The Commissioner's decision to accept financial reports lodged with state and territory regulators in place of ACNC reports (see page 71) was highlighted in the Treasury Portfolio Annual Report on Deregulation as a key saving. Other measures included streamlined reporting arrangements and a template constitution for organisations that are, or wish to become, a charitable company limited by guarantee (see page 58). The ACNC's guidance products also continue to make it easier for charities to understand and comply with their regulatory obligations.

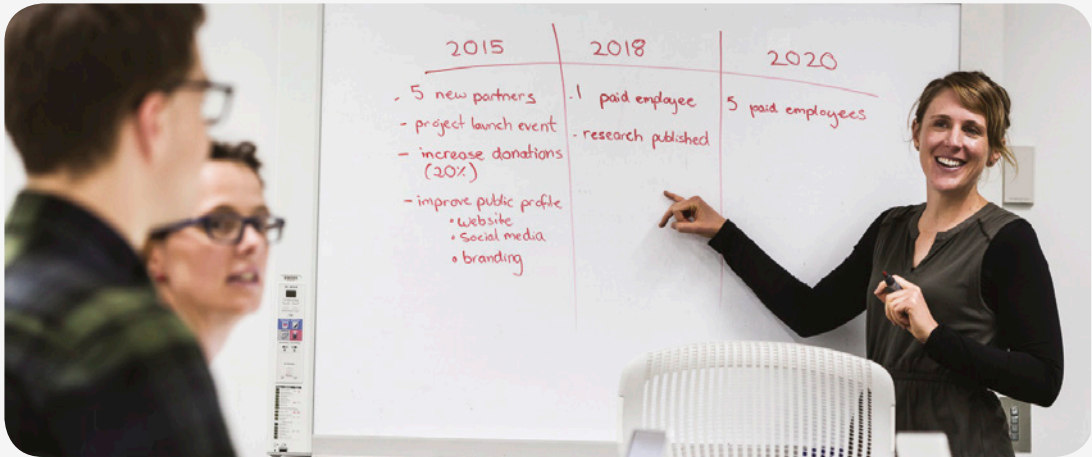
Regulator Performance Framework

The RPF is a core element of the Australian Government's deregulation agenda. The RPF is designed to drive cultural change in the way regulators administer regulations (their regulatory approach). It consists of outcomes-based key performance indicators that articulate the Government's expectations of regulator performance, and accountability through stakeholder-validated self-assessment and reporting.

The Assistant Treasurer endorsed our user groups, the Sector User Group and Professional User Group (refer to page 63), as the ACNC consultative mechanism under the RPF. The ACNC consulted with both groups to review our regulatory approach against the RPF, and to draft our RPF metrics, which are published on acnc.gov.au.

We will report on our performance against these metrics in the 2015–16 Annual Report.

Feature



Red Tape Report 2014

An independent report has found that Commonwealth funding obligations impose a much greater burden on charities than legislative obligations.

The estimated average annual cost of reporting obligations imposed by the ACNC was \$150, or 0.1% of the total annual burden for charities.

The report was prepared by Ernst & Young, which was engaged by the ACNC to research the regulatory and reporting burden on Australian charities. The report provided the ACNC with an independent insight into the source and scale of government requirements on charities, and identified which of them constituted red tape.

The report examined the experiences of 15 charities drawn from subsectors in which there was anecdotal evidence of significant red tape, and where research on the regulatory burden was lacking, namely social welfare, other education (excluding schools and universities) and health and aged care.

Ernst & Young also surveyed nearly 400 charities and analysed publicly available data.

Key recommendations were that the ACNC should work together with other government agencies to encourage the early adoption of available tools to reduce red tape (such as the Charity Passport) and should consider taking an 'honest-broker' role to drive government reforms.

Charity Passport

The ACNC's Charity Passport is a mechanism that allows us to electronically share the information we collect from registered charities with authorised government agencies. It is designed to reduce reporting duplication – multiple reporting of the same core information and reports to different government agencies.

As the Charity Passport is adopted across government agencies, charities will be able to report once to the ACNC, and other authorised government agencies will then access that information from the ACNC electronically – the 'report once, use often' approach.

This will result in considerable time and administrative savings for charities interacting with government agencies, particularly in relation to grants administration.

Adoption of the Charity Passport by other government agencies was hindered in 2014–15 owing to uncertainty over the ACNC's future. Nevertheless, several officials from Commonwealth, state and territory agencies have been granted access to the Charity Passport to consider incorporation into their agencies' reporting processes.

Working with other government departments and agencies

The ACNC works closely with Commonwealth agencies that also have a role in regulating the not-for-profit sector. Our aim is to ensure that the interaction of the various laws works to achieve the objects of the ACNC Act, particularly in relation to simplifying regulation and reporting requirements.

Office of the Registrar of Indigenous Corporations (ORIC)

Under a memorandum of understanding with ORIC, organisations that lodge reports with ORIC under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth) and remain eligible to be registered as a charity will meet their ongoing obligations with the ACNC until at least the 2014–15 reporting period. The ACNC is in discussions with ORIC about extending this arrangement into the future.

Deductible Gift Recipient (DGR) registers

The streamlined registration process for organisations applying for registration with the ACNC that also intend to apply to one of the DGR registers continued through 2014–15. The ACNC's registration form allows registration applicants to indicate an intention to apply to any of the four DGR registers:

- Register of Environmental Organisations, administered by the Department of the Environment
- Register of Cultural Organisations, administered by the Ministry for the Arts, Attorney-General's Department
- Register of Harm Prevention Charities, administered by the Department of Social Services
- Overseas Aid Gift Deduction Scheme, administered by the Department of Foreign Affairs and Trade.

Threshold eligibility questions are included in the registration form which, if satisfied, trigger the transfer of the applicant's registration data to the relevant register to be considered for listing. This means that administrators of the registers then need only ask for any additional data not already collected by the ACNC.

In 2015–16, the ACNC intends to work with the DGR registers to further simplify the registration process as well as streamlining annual reporting.



Department of Education and Training

The ACNC worked closely with the Commonwealth Department of Education and Training (DET) throughout 2014–15 to implement streamlined reporting arrangements for non-government schools that are charities registered with the ACNC.

Under the streamlined arrangements, non-government schools will not have to directly provide any financial information to the ACNC for the 2014 and 2015 reporting periods. The ACNC will instead extract the relevant data from responses to financial questionnaires lodged by non-government schools with DET.

To consult on these arrangements, a working group was established encompassing the ACNC, DET, the Independent Schools Council of Australia, and the National Catholic Education Commission. The ACNC also conducted more detailed consultation with sector bodies separately. These will continue as we implement the data extraction and population mechanism.

Aligning and harmonising state and territory legislation

The ACNC is committed to working with the states and territories to align regulatory frameworks and reporting obligations on charities.

The ACNC has established project teams to progress alignment with each state and territory in the following key areas:

- incorporated association (and cooperative) regulations
- fundraising licensing and regulation
- taxation concessions (including alignment of the definition of charity)
- grants and procurement.

Mapping of regulatory and reporting obligations across jurisdictions is underway, and Deloitte Access Economics has been commissioned by the ACNC to produce a report on inter-jurisdictional alignment. The report will identify options for alignment and estimates of the potential savings for charities associated with each option.

While pursuing alignment, in 2014–15 the ACNC accepted financial reports lodged with state and territory regulators in place of ACNC reports. This means that incorporated associations, cooperatives and charitable fundraising organisations that currently submit financial reports to their state or territory regulator will be able to electronically submit the same financial reports to the ACNC.

However, the Commissioner's ability to exercise this discretion, as set out in the ACNC C&T Act, is due to expire in 2015–16 and the matter has been raised with Government.

Highly regulated subsectors

In 2014–15, the ACNC re-established dialogue with highly regulated subsectors including non-government schools, hospitals, aged care providers, and universities, with a view to removing or minimising reporting duplication.

Significant progress was made for non-government schools registered with the ACNC during 2014–15. The ACNC worked with the sector to implement a streamlined approach to financial reporting, reducing the burden on non-government schools.

The ACNC worked closely with peak sector bodies, including the Independent Schools Council of Australia and the National Catholic Education Commission, to implement these arrangements and develop the associated guidance.

In the coming year, the ACNC will continue to streamline reporting for non-government schools and will actively pursue similar arrangements for the other identified subsectors.

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Corporate governance

The Commissioner

The Commissioner of the ACNC is a statutory office holder appointed to administer the ACNC Act. Part 5-2 of the Act provides for the Commissioner's establishment, functions and powers, including terms and conditions of employment. The Governor-General appointed Susan Pascoe AM as the Commissioner of the ACNC for a period of five years from 7 December 2012 until 30 September 2017.



Corporate and operational planning

Planning and reporting are key elements of the ACNC governance framework. The ACNC's Strategic Plan for 2012 to 2015 documents its vision, mission, values and strategic priorities for the three-year period (available at acnc.gov.au). The strategic priorities closely align with the objects of the ACNC Act.

The Strategic Plan is supported by annual business plans and team plans for each directorate. Annual business plans enable the ACNC to focus on the most critical priorities and strategies for achieving the objects of the ACNC Act. They take into account the opportunities, risks and threats facing the ACNC, including workforce capabilities and changes in government policy. Business plans set the ACNC's direction and key deliverables for the year as well as performance measures.

Throughout the year, the ACNC's performance is monitored and reported through its management committees. Performance reports on the ACNC's business plan and performance indicators were provided to the management committees on a monthly basis and to the Advisory Board on a quarterly basis.

The ACNC began developing its Strategic Plan for the period 2016–19 in mid-2015 starting with a session with its Advisory Board and senior staff.

Internal governance

The ACNC's governance framework provides for effective governance, risk management, informed decision making and performance and accountability. Our internal governance practices and structures ensure the ACNC meets the principles and requirements of the PGPA Act.

Management committees

ACNC management committees are key elements of the ACNC's governance and assurance framework, supporting the Executive in effectively monitoring and managing operations and informing decision making.

The Executive Committee, comprising the Commissioner and the two Assistant Commissioners, is the ACNC's primary decision-making body, and assists the Commissioner in setting the strategic direction and responsibilities for administering the ACNC Act. The Executive Committee meets weekly, and its decisions are promptly reported to Directors for action and communication to their teams.

The **Management Committee**, comprising the Commissioner, two Assistant Commissioners and Directors, meets monthly with agenda items nominated by any member and covering any aspect of the ACNC's work that would benefit from broad input.

Operational committees and structures

ACNC operational committees focus on identified priorities and core areas of work and oversee the implementation of action plans and projects. Membership is broad to ensure that those with relevant expertise or responsibilities are present.

The **Audit and Risk Committee**, is chaired by the Commissioner and meets quarterly. It manages the audit and risk functions for the ACNC, including oversight of budgets, fraud control, contracts, maintenance of ethical standards and memoranda of understanding. The committee includes the ATO Assistant Commissioner of Corporate Budgeting and Financial Reporting as an independent member.

The **Reporting and Red Tape Reduction Committee**, chaired by the Commissioner, is responsible for developing and monitoring initiatives to reduce unnecessary regulatory requirements for not-for-profits. The reporting committee is also responsible for matters related to the development and maintenance of the ACNC reporting framework.

The **Compliance Case Conference**, chaired by the Director of Compliance and Reporting, is held each month. The conference provides an opportunity for dialogue on key decisions relating to the commencement, conduct and closure of compliance reviews, investigations and other compliance activities, including the use of monitoring warrants and key enforcement powers. Its membership includes the Commissioner, the Assistant Commissioner General Counsel and the Directors of both Legal and Registration.

The **Registration Case Committee**, chaired by the Director of Registration, is responsible for reviewing, endorsing or commenting on case decisions before they are approved by the decision maker. This process forms part of the ACNC quality review framework.

Internal audit, risk management and ethical standards

For the purposes of the PGPA Act, the ACNC's financial operations are managed according to the ATO's established processes for internal audit, risk, fraud control and maintaining ethical standards.

In addition, the ACNC has established its own risk function which is overseen by the ACNC Audit and Risk Committee, which meets quarterly.

Review and external scrutiny of ACNC decisions

Most decisions by the ACNC are subject to review, initially internally and then on appeal to the Administrative Appeals Tribunal (AAT) and the courts.

The ACNC's decisions and operations are also subject to review by parliamentary committees, the Australian National Audit Office, the Commonwealth Ombudsman and the Privacy and Information Commissioner.

During 2014–15 the ACNC was not the subject of a report by any external body.

Review and appeals

The ACNC Act establishes the Commissioner's regulatory powers, which are delegated to the two Assistant Commissioners, who in turn have authorised officers to make decisions on their behalf.

The ACNC Act (Part 7-2) sets out a formal reviews and appeals procedure for certain decisions. These decisions must be internally reviewed by another ACNC officer before being reviewed by the AAT and/or appealed to a court.

Other decisions may be directly appealed to a court for judicial review.

Internal review – statutory

Under the ACNC Act, a charity may object to the following ACNC decisions, requesting they be internally reviewed:

- refusal to register a charity or a subtype charity (section 30-35)
- revoking (or not revoking) a charity's registration (section 35-20)
- directing a charity to do (or not do) something, changing such a direction or not changing or removing a direction after 12 months (section 85-25)

- refusing to remit part or all of an administrative penalty if the remaining penalty is more than two penalty units (section 175-60(3)).

Under the ACNC Act, a responsible person can also seek an internal review of the following ACNC decisions:

- suspending the responsible person from a position or changing the time a suspension of the responsible person ends (section 100-10(10))
- removing the responsible person from a position (section 100-15(7)).

Applications for internal review must be made using the ACNC's approved Notice of Objection form within 60 days of the original decision. If the time period has passed and the charity still wishes to seek internal review, it must request an extension of time in writing and set out the reasons for not meeting the timeframe. The ACNC can agree or not agree to the request.

When the ACNC receives a Notice of Objection about one of these types of decisions, an ACNC officer who did not make the original decision will review it. The ACNC has 60 days from receiving the Notice of Objection to review the original decision.

In 2014–15, the ACNC received 22 objections. Eight objections were in relation to decisions to refuse charity registration, six were in relation to decisions to refuse to register a charity with a particular subtype, and eight were in respect of decisions refusing to withhold information from the Charity Register.

Internal review – reconsideration

The ACNC has provided a mirror internal review process for decisions not covered by the statutory review approach. These include a decision not to withhold information from the Charity Register (ACNC Act, section 40-10) and a decision to issue a formal warning (section 80-5).

These types of internal review decisions can only be appealed to a court on the legality of the decision-making process, not on the substance of the decision.

The ACNC received two requests seeking reconsiderations of these types of decisions. These two requests were still in progress at 30 June 2015.

External review – Administrative Appeals Tribunal

If a charity or responsible person is unhappy with the ACNC's decision on an objection, they can apply for review by the Administrative Appeals Tribunal (AAT). An application to the AAT must be made within 60 days of the review decision. If the ACNC doesn't agree to accept a late review application, the AAT can also review that decision.

An AAT decision can be further appealed to a court.

Decisions not covered by the ACNC Act's reviews and appeals process can't be reviewed by the AAT.

During 2014–15 one application was made to the AAT to review an ACNC objection decision; however, the application was withdrawn by the applicant before the matter went to hearing.

External review – court appeal

A charity or responsible person can also appeal objection decisions directly to a court, within 60 days of the objection decision.

Applications to the AAT and appeals to the court may be limited to the charity or responsible person's reasons for reviewing the original decision.

Decisions not covered by the ACNC Act reviews and appeals process can only be appealed to the court on the grounds that the decision-making process was unlawful.

There were no appeals during 2014–15.

Human resources

Our people

At the ACNC, our people are central to achieving our outcomes and programmes. Located in one office, we aim to build and maintain a capable, informed and adaptive workforce that works with our external clients and stakeholders to support our strategic priorities. We embrace the diversity of the skills, cultural backgrounds and experiences of staff, and their collective insight into the not-for-profit and community sectors.



The ACNC recruited highly-skilled and motivated staff from the not-for-profit sector, the private sector and a range of state and federal government agencies. However, the ACNC experienced a decline in staff morale with the introduction of legislation to repeal the ACNC Act in 2013–14.

The sustained period of uncertainty hindered staff retention for an extended period and made organisational planning difficult.

All ACNC staff have a commitment to the sector and remain determined to provide the very best service that they can to the public and charities.

At 30 June 2015, the ACNC had 101.76 full-time equivalent staff (FTE), a 9% increase on the previous year. The increase reflects a number of staff loaned temporarily from the ATO to back fill vacancies, including in the Compliance directorate, and to assist with the completion of the build of the IT infrastructure.

Table 4.1: ACNC staff numbers

	FTE
30 June 2014	93.44
30 June 2015	101.76

Table 4.2: Employment type, 30 June 2015

	2015
Statutory appointee	1
Contractor	0
Casuals	0
Ongoing full-time	58
Ongoing part-time	10.18
Long-term / maternity leave (ongoing)	2.91
Non-ongoing	2
Secondment full-time	26
Secondment part-time	1.67
Total	101.76

The median number of unscheduled workplace absence days per employee in 2014–15 was 9.7, down from 10.9 in 2013–14. The 2014–15 figure is significantly lower than the median of 11 days per employee reported by other small Australian Public Service agencies (employees of 20 to 250).

Table 4.3: Employees by classification and gender, 30 June 2015

Employees by classification	Female	Male	Total
APS4	14.8	8	22.8
APS5	12.89	2	14.89
APS6	15.41	16.8	32.21
EL1	14.13	7	21.13
EL2.1	3.73	2	5.73
EL2.2	2		2
SES1		2	2
SES2*	1		1
Total	63.96	37.8	101.76

The ACNC supports flexible working arrangements. The proportion of part-time employees has increased every year since the ACNC was established.

Part-time employment accounted for:

- 5% of the ACNC workforce at 30 June 2013
- 9% at 30 June 2014
- 11% at 30 June 2015

Separation and recruitment

The ACNC needs to retain a highly-motivated and skilled workforce. We worked closely with the ATO to continue engaging the right people for our organisation during the period of restrictions on recruitment that applied across the Australian Public Service until 30 June 2015, as a result of the Government's commitment to reduce staff numbers.

The ACNC's overall retention rate during 2014–15 was 88%, an improvement compared to the 2013–14 retention rate of 76%.

Undoubtedly, the ongoing uncertainty about the future of the ACNC has been taxing for staff and likely contributed to the 76% figure in 2013–14. However, ACNC staff remain committed to the sector and the ACNC itself, and were encouraged by recent statements by the Australian Government that indicated that the abolition of the ACNC was a low priority.

A total of six employees ceased employment with the ACNC in 2014–15 through voluntary redundancies. ACNC employees applied for voluntary redundancies as part of the ATO's voluntary redundancy program.

Table 4.4: Staff reductions by classification, 2014–15

Classification	2014–15
APS4	1
APS5	0
APS6	4
EL1	6
EL2	1
Total	12

ACNC diversity

The ACNC's workforce is diverse and inclusive. The ACNC promotes an environment where the cultures, backgrounds, and experiences of our employees are recognised and valued.

The ACNC utilises and supports the ATO's Diversity and Inclusion Plan 2015–2017, which sets out the ATO's formal commitment to diversity and inclusion in the workplace. An explanation of how the ACNC implements the ATO's plan in our workplace is available at acnc.gov.au/diversity.

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

The ACNC strives to be an APS diversity and inclusion leader. This commitment is represented by all ACNC employees, and collectively we are ethical, respectful and supportive.

In 2014–15, the ACNC implemented or continued programs to support an inclusive work environment. These programs were focused on:

- Aboriginal and Torres Strait Islander peoples
- people living with disability

- women
- people from culturally and linguistically diverse (CALD) backgrounds
- lesbian, gay, bisexual, trans/transgender and intersex (LGBTI) people, and
- mature-aged people.

Additionally, our managers and employees are encouraged to report bullying, harassment or discrimination and are confident in their ability to identify and report inappropriate behaviour when they witness it.

Indigenous employment

The ACNC employs three staff that identify as Indigenous Australians, which is 3% of the ACNC workforce. Two of these staff are Aboriginal Liaison Officers, who are available to support Indigenous charities on request.

Evergreen Indigenous Advancement Program

The ACNC is committed to having a workforce that reflects the diversity of the Australian community. A reflection of this commitment is our participation in the ATO's Evergreen Indigenous Advancement Program, which provides employment opportunities to people of Aboriginal and Torres Strait Islander descent.

In 2014–15, two Evergreen Indigenous cadets successfully completed a 9-month rotational program in the ACNC, working in the following directorates:

- Policy, Education and Red Tape Reduction
- Communications
- Registration.

Participation in the program enabled the cadets to develop their understanding of the ACNC, and provided their teams with the opportunity to learn more about the cadets' culture and charity governance in their communities. The success of the program has led us to expand our involvement in 2015–16.

Training and development

The ACNC aims to build the capability of its workforce to deliver its business outcomes and retain its talented staff through:

- encouraging strong leadership capabilities and behaviours
- developing strong relationships with its stakeholders
- strengthening business systems and governance practices.

The ACNC's core capability framework outlines the skills and capabilities that are critical to our success. The framework defines the essential capabilities required of all employees, and is a central component of our performance system.

Based on findings from both one-on-one and group conversations, the ACNC has invested in building the skills of both experienced and new managers through programs such as:

- Essentials for new team leaders
- Understanding the Performance Cycle
- Leadership in Practice
- Leadership Expansion.

We have also continued our commitment to employee development more broadly with programs such as:

- Cross Cultural Awareness training (scheduled for August 2015), and
- Microsoft and writing competency courses.

Staff seminars were held during the year featuring presentations and discussions with leaders and practitioners in the charities and not-for-profit sector (see table below). These seminars provide a reflective and informal learning environment for staff to share information.

All staff completed mandatory training designed to help them understand their roles and responsibilities as ACNC employees in relation to the proper use of information technology, security awareness and work health and safety.

To further enhance our learning and development program, we are currently building a register that will enable our staff to easily identify in-house and external training opportunities. The register will identify both core capabilities and developmental requirements for all APS levels in each directorate. To complement this we are also reviewing and updating our corporate induction package, which will ensure new employees are provided with the knowledge required of an APS employee in the ACNC.

Table 4.5: Staff seminars with the sector

Date	Presenter	Organisation
25 July 2014	Tarni Perkal and Savi Manii	Justice Connect
19 September 2014	John Unkovich, Steven Scodella, Bee Wah Ang	Consumer Affairs Victoria
17 October 2014	Rob Edwards	Fundraising Institute of Australia
14 November 2014	David Leonard and Celie Walsh	Disputes Settlement Centre of Victoria
27 March 2015	Emma Kettle	RedR Australia

Reward and recognition

The ACNC recognises the importance of providing positive feedback to staff and recognising their achievements. In 2014–15 we developed the ACNC Reward and Recognition scheme to positively influence employees and recognise exceptional performance that helps achieve business outcomes.

The ACNC Reward and Recognition scheme will be implemented in the first half of 2015–16.

Engagement survey

ACNC staff participated in the Australian Public Service Commission's (APSC) annual employee census survey, which forms part of the State of Services report. This report is designed to elicit the attitudes and opinions of employees across a range of workforce issues including employee engagement, leadership, job design and work conditions. Results of the survey are used as the standard engagement measurement tool across the organisation.

ACNC Advisory Board member remuneration

ACNC Advisory Board members are appointed by the Minister (the Assistant 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.

Executive remuneration

The Commissioner's remuneration is determined by the Remuneration Tribunal. Other executive remuneration arrangements are determined according to the ATO's Senior Executive Service guidelines and set out in the ATO's annual report.

Enterprise agreements and performance pay

The ACNC operates under the ATO enterprise agreement 2011–2014 which complies with the Australian Public Service bargaining framework and aims to promote efficiency and effectiveness, contribute to achieving the organisation's policy and programme outcomes, and enhance the quality of employees' work life balance.

The terms and conditions and outcomes of these arrangements are reported in the ATO's annual report.

Negotiations are currently underway for a new agreement; the bargaining policy will adhere to the Government's Workplace Bargaining Policy for the Public Sector.

Work health and safety

ACNC employees are covered by the ATO's occupational health and safety processes. These are reported on in the ATO's annual report.

Technology and systems

The ACNC's core business system (iMIS), ACNC email exchange server and other business and support applications are hosted and managed by the software vendor Advanced Solution International in Melbourne, while the ATO continues to provide back office support on a fee-for-service basis.

iMIS business system

The ACNC's core business system, iMIS, supports:

- a customer relationship management system
- a web content management system
- an online registration form
- the Charity Register
- the Charity Portal
- the Charity Passport.

ATO support

As with other corporate areas, the relationship between the IT areas of the ACNC and ATO are managed through an MOU that covers:

- provision of corporate systems for human resources and finance
- desktop computer support, including laptops and mobile phones
- procurement of hardware and software, to leverage off existing ATO contracts.

IT enhancements and major projects

Over the year the IT enhancements and major projects were either legislatively driven or contributed to the ACNC's strategic objectives and objects.

Several projects implemented in 2014–15 enhanced the useability and transparency of the Charity Register, including functionality for:

- displaying joint and collective reporting charities and their associated financial reports
- highlighting charities that have failed to lodge or were overdue in excess of six months
- highlighting where a charity has been granted an extension for its Annual Information Statement
- mapping of the world regions in which the charity operates.

Providing online versions of ACNC forms is consistent with the Government's *Digital Transformation Agenda* and meets the ACNC's aim of being digital by default. It supports the strategic plan of building a public-facing information portal that can also be used by charities to securely access and exchange information. It also contributes to developing a financial reporting framework that addresses the reporting requirements of other government agencies and provides information for the Charity Passport.

For the Charity Portal, automating the charity password reset function resulted in a significant reduction of emails and calls to the ACNC's Advice Services team.

Asset management

The ACNC has its own appropriation and operates for the purposes of the Public Governance, Performance and Accountability Act (PGPA Act) as a program of the ATO. Assets used by the ACNC are managed according to the ATO's established asset management processes.

Purchasing and consultancies

The ACNC makes decisions regarding its budget independently of the ATO. The goods and services required to support our operations are purchased using ATO procurement processes in line with the requirements of the PGPA Act. This includes consultancies, advertising, direct mail, media placement and market research activities. Procurement details are included in the ATO's annual report.

Procurement Initiatives to Support Small Business

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

The ACNC applies procurement practices that do not unfairly discriminate against Small and Medium Enterprises (SME) and Small Enterprises.

The ACNC does this by ensuring that procurements are communicated in clear, simple language and presented in an accessible format. The ACNC also uses electronic systems to facilitate on-time payment.

SME and Small Enterprises participation statistics are available on the Department of Finance's website: finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts.

Grants

The ACNC did not award any grants in 2014–15.

Disability reporting

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the APS *Statistical Bulletin*. These reports are available at www.apsc.gov.au. From 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010–2020 which sets out a 10 year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level, two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. For more information visit dss.gov.au.

Accessibility of acnc.gov.au

The ACNC website, acnc.gov.au, is our primary point of information and service delivery channel. This is supported by the Advice Services team, who are able to provide assistance over the phone or through the National Relay Service to talk callers through any actions they need to take.

The ACNC has an ongoing emphasis on developing HTML content on the website where possible, as this is more accessible for people who use assistive technologies to use websites. This has been accompanied by the development of accessible web styling and formats to support access to page content.

Ongoing work has occurred in developing an accessibility roadmap, which has allowed the ACNC to identify and implement areas of improvement, including working with its online suppliers to make product changes that will enable increased compliance with online accessibility guidelines. The ACNC also undertakes an ongoing program of usability and accessibility testing.

Website accessibility improvements have been accompanied by the development of education videos that use simple images, a voiceover and captions to provide information and guidance. These cover a range of topics, including help with completing the Annual Information Statement, and are suited to a range of users, providing alternative information formats for visitors to the website.

Short radio segments were recorded for Vision Australia Radio and the Radio Print Handicapped Australia Radio Reading Network (RPH Network), which promoted the Charity Register, safe giving, and the Charity Portal. An editorial feature on safe giving was developed for distribution to intermediaries who work with people with a disability; Vision Australia Radio used the same article for a podcast.

Anecdotal feedback suggests that the ACNC has achieved a degree of success in this area, and we are committed to making ongoing improvements to suit the requirements of clients with varying needs. This includes educating staff on improved accessibility techniques when developing documents for charities in their daily work activities.

Freedom of information

Under Part II of the *Freedom of Information Act 1982* (Cth) (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 what information it publishes in accordance with the IPS requirements.

The ACNC has an IPS page at acnc.gov.au. Following a review of the IPS in January 2015:

- the IPS has been updated to include information about the ACNC's education function
- the ACNC's agency plan and two existing IPS procedures were updated
- one new IPS procedure was created.

The ACNC will start to use the icons of the Office of the Australian Information Commissioner, publish work email addresses of directors and establish an IPS Information Register.

Wherever possible, the ACNC tries to make information available to the public outside of the formal FOI process. However, if a person wants to make an FOI request for access to documents held by the ACNC, they should:

- make the request in writing (email or post)
 - the ACNC is able to assist if an applicant has difficulty putting their request in writing
- state that the request is an application for the purposes of the FOI Act
- provide information about the document(s) being requested
- if asking for change or annotation of a document, provide information about the change or annotation being requested
- provide an address to enable the ACNC to respond.

FOI requests can be sent to the following address:

Freedom of Information Contact Officer
ACNC
GPO Box 9990
MELBOURNE VIC 3001

or by email to: advice@acnc.gov.au

The ACNC received 11 requests for documents under the FOI Act during 2014–15. The following table summarises the content of the requests and the outcomes.

Table 4.6: FOI requests and outcomes

Details of Request	Outcome
Request for spreadsheets of the Charity Register and associated data tables	This was provided and the information is now published on data.gov.au
Request from a charity for documents relating to a compliance review of the charity	Access was granted to 17 documents. Forty-seven documents were redacted or not provided on the basis that providing the information could reasonably be expected to prejudice the conduct of a current investigation
Request for the financial information of a particular charity	Refused on the basis that the ACNC did not have this information
Request from a charity for any information provided to the ACNC about the charity from a third party	Refused on the basis that the ACNC did not have this information
Request from a charity for documents relating to investigations of the charity	Access was granted to 23 documents. 19 documents were redacted or not provided on the basis that an exception applied or that a conditional exception applied and it was not in the public interest to release the information
Request for the Annual Information Statement of a particular charity	Documents provided
Request from a charity for any complaints received by the ACNC about the charity	Document provided
Request for correspondence between the ACNC and certain third parties which relate to issues or concerns about certain charities	Access was granted to four documents. 22 documents were redacted or not provided on the basis that secrecy provisions applied to the information
Request for documents relating to the Canada Revenue Agency's response to political activities	Access granted in full to one document. One document was provided with irrelevant material redacted. One document was refused on the basis that the information was communicated in confidence by an international government authority.
Request for all documents relating to a formerly registered charity	Still being processed as at 30 June 2015
Request for the internal record of decisions relating to registration of a particular charity	Still being processed as at 30 June 2015



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Appendix A – Compliance index

This compliance index shows the location in this report of information that is specified as mandatory or suggested by the *Requirements for Annual reports – for Departments, Executive Agencies and other non-corporate Commonwealth entities* issued by the Department of the Prime Minister and Cabinet on 30 June 2015 and amended on 20 August 2015.

Requirements document reference	Description	Requirement	Section/page reference in this report
8(3) & A.4	Letter of transmittal	Mandatory	1
A.5	Table of contents	Mandatory	5–7
A.5	Index	Mandatory	97–101
A.5	Glossary	Mandatory	95–96
A.5	Contact officer(s)	Mandatory	94
A.5	Internet home page address and Internet address for report	Mandatory	94
9	Review by Secretary		
9(1)	Review by departmental secretary	Mandatory	9–13
9(2)	Summary of significant issues and developments	Suggested	9–12
9(2)	Overview of department's performance and financial results	Suggested	9–12
9(2)	Outlook for following year	Suggested	13
9(3)	Significant issues and developments – portfolio	Portfolio departments – suggested	Not applicable
10	Departmental Overview		
10(1)	Role and functions	Mandatory	17–18
10(1)	Organisational structure	Mandatory	21–23
10(1)	Outcome and programme structure	Mandatory	29–30
10(2)	Where outcome and programme structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Not applicable

Requirements document reference	Description	Requirement	Section/page reference in this report
10(3)	Portfolio structure	Portfolio departments – mandatory	Not applicable
11	Report on Performance		
11(1)	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	28–71
11(2)	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	28–71
11(2)	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	32
11(2)	Narrative discussion and analysis of performance	Mandatory	28–71
11(2)	Trend information	Mandatory	28–71
11(3)	Significant changes in nature of principal functions/services	Suggested	Not applicable
11(3)	Performance of purchaser/provider arrangements	If applicable, suggested	Not applicable
11(3)	Factors, events or trends influencing departmental performance	Suggested	28–71
11(3)	Contribution of risk management in achieving objectives	Suggested	74
11(4)	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	32–36
11(5)	Discussion and analysis of the department's financial performance	Mandatory	Not applicable
11(6)	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	Not applicable
11(7)	Agency resource statement and summary resource tables by outcomes	Mandatory	Not applicable

Requirements document reference	Description	Requirement	Section/page reference in this report
12	Management and Accountability		
	Corporate Governance		
12(1)	Agency heads are required to certify their agency's actions in dealing with fraud.	Mandatory	Not applicable
12(2)	Statement of the main corporate governance practices in place	Mandatory	73–74
12(3)	Names of the senior executive and their responsibilities	Suggested	19–20
12(3)	Senior management committees and their roles	Suggested	73–74
12(3)	Corporate and operational plans and associated performance reporting and review	Suggested	73
12(3)	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	74
12(3)	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	74
12(3)	How nature and amount of remuneration for SES officers is determined	Suggested	81
	External Scrutiny		
12(4)	Significant developments in external scrutiny	Mandatory	75–76
12(4)	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	76
12(4)	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	75
	Management of Human Resources		
12(5)	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	77–81

Requirements document reference	Description	Requirement	Section/page reference in this report
12(6)	Workforce planning, staff retention and turnover	Suggested	77–81
12(6)	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	81
12(6)	Training and development undertaken and its impact	Suggested	80
12(6)	Work health and safety performance	Suggested	81
12(6)	Productivity gains	Suggested	
12(7)	Statistics on staffing	Mandatory	77–79
12(8)	Statistics on employees who identify as Indigenous	Mandatory	79
12(9)	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	81
12(10) & B	Performance pay	Mandatory	81
12(11)-(12)	Assets management – Assessment of effectiveness of assets management	If applicable, mandatory	83
12(13)	Purchasing – Assessment of purchasing against core policies and principles	Mandatory	83
12(14)-(23)	Consultants – The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	83

Requirements document reference	Description	Requirement	Section/page reference in this report
12(24)	Australian National Audit Office Access Clauses – Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	83
12(25)	Exempt contracts – Contracts exempted from publication in AusTender	Mandatory	83
12(26)-(28)	Small business – Procurement initiatives to support small business	Mandatory	83
13	Financial Statements	Mandatory	Not applicable
Other Mandatory Information			
14(1) & C.1	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	81
14(1) & C.2	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	83
14(1) & C.3	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	94
14(1)	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	Not applicable
14(2) & D.1	Grant programmes	Mandatory	83
14(3) & D.2	Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	83
14(4) & D.3	Information Publication Scheme statement	Mandatory	84
14(5)	Correction of material errors in previous annual report	If applicable, mandatory	Not applicable
E	Agency Resource Statements and Resources for Outcomes	Mandatory	Not applicable
F	List of Requirements	Mandatory	89–93

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 2014–15, the ACNC made 36 referrals to other government agencies where the ACNC considered there may be possible action under their legislation.

Appendix C – Ecologically sustainable development and environmental performance

The ACNC's facilities, assets and IT environment are provided by the ATO under various agreements, including financial arrangements.

The ACNC adopts the ATO's environmental policies and its environmental performance is reported as part of the ATO's annual report.

Appendix D – Contact details

Mail	Director, Communications 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

AAT	Administrative Appeals Tribunal
ACNC	Australian Charities and Not-for-profits Commission
ACNC Act	<i>Australian Charities and Not-for-Profits Commission Act 2012 (Cth)</i>
ACNC Consequential and Transitional Act	<i>Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012 (Cth)</i>
AM	Member of the Order of Australia
Annual Information Statement	The form that charities use to report the required information to the ACNC
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
Board	Advisory Board
CEO	Chief Executive Officer
Charity	A not-for-profit entity that exists for the public benefit and has a charitable purpose. Charitable purposes are specified as: relief of poverty, advancement of education, advancement of religion, health promotion, provision of child care services and other purposes beneficial to the community (see also Registered charity)
Charities Act	<i>Charities Act 2013 (Cth)</i>
Charity Passport	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
Charity Portal	An online portal that enables registered charities to update their details and lodge reports with the ACNC
Charity Register	A freely available, interactive, online public database of information about the organisations registered with the ACNC
Charity subtype	The Charities Act enables a charity to register one of 14 specific charitable purposes known as subtypes
Commission	Australian Charities and Not-for-profits Commission
DSS	Department of Social Services
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1982</i>

GDP	Gross domestic product
HTML	Hypertext Markup Language
IPS	Information Publication Scheme
IT	Information technology
KPI	Key performance indicator
MOU	Memorandum/a of understanding
NFP	Not-for-profit
NGO	Non-government organisation
NSCOA	National Standard Chart of Accounts
ORIC	Office of the Registrar of Indigenous Corporations
PAES	Portfolio Additional Estimate Statement(s)
PBS	Portfolio Budget Statement(s)
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i> (Cth)
Registered charity	A charity registered with the ACNC. Referred to in this report in context as a 'charity'
SES	Senior Executive Service
TEQSA	Tertiary Education Quality and Standards Agency

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