



ACNC ANNUAL REPORT 2016–17



Australian Government



Australian
Charities and
Not-for-profits
Commission



ACNC
ANNUAL
REPORT
2016–17

Contact us

phone **13 ACNC**

fax **1300 232 569**

visit **acnc.gov.au**

email **advice@acnc.gov.au**

GPO Box 5108

Melbourne VIC 3001

ISSN 2205-3050 (Print)

ISSN 2205-3069 (Online)

© Copyright 2017

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ACNC or the Commonwealth endorses you or any of your services or products).

Photograph on page 23 © Australasian Reporting Awards 'Silver Award received for the 2016 ACNC Annual report entered in 2017 ARA'

JS 39166



Australian Government



Australian
Charities and
Not-for-profits
Commission

The Hon. Michael Sukkar MP
Assistant Minister to the Treasurer
Parliament House
CANBERRA ACT 2600

Dear Minister,

I am pleased to provide you with the Australian Charities and Not-for-profits Commission Annual Report 2016–17 for presentation to Parliament.

This report has been prepared for the purposes of Division 130 of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) and section 46 of the *Public Governance, Performance and Accountability (PGPA) Act 2013* (Cth).

Yours sincerely,

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

Susan Pascoe AM

Commissioner
Australian Charities and Not-for-profits Commission

28 September 2017

2016–17 ACNC SNAPSHOT

CHARITY REGISTER

TOTAL CHARITY REGISTER
VIEWS (2013–2017)

2m

54k



CHARITIES ON THE
CHARITY REGISTER

REGISTRATION

94%

SATISFACTION LEVEL
WITH REGISTRATION
PROCESS

NEWLY REGISTERED CHARITIES

700

2012–13

3,141

2013–14

2,625

2014–15

2,850

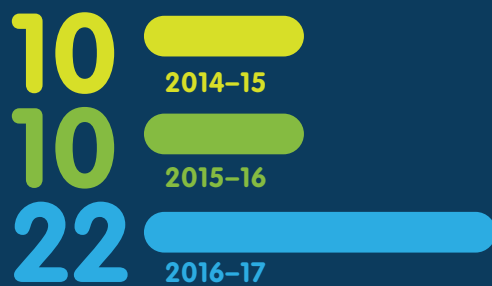
2015–16

2,887

2016–17

COMPLIANCE

COMPLIANCE REVOCATIONS



CONCERNS

106
PER MONTH

NUMBER OF PENALTIES

92 CHARITIES ISSUED WITH
PENALTY NOTICES



66

INVESTIGATIONS
WERE FINALISED



40

CHARITIES RECEIVED
REGULATORY ADVICE



5

CHARITIES ENTERED INTO
COMPLIANCE AGREEMENTS



1

CHARITY ENTERED INTO AN
ENFORCEABLE UNDERTAKING

\$5.1b

CHARITIES SUBJECT TO
COMPLIANCE CASES
CONTROLLED \$5.1 BILLION
OF CHARITABLE ASSETS

REPORTING

ANNUAL INFORMATION STATEMENT COMPLETION

99%

2015

96%

2016



42,238
RECORDS
REVIEWED

\$5.7 BILLION

IN REVENUE CORRECTED ON
ACNC CHARITY REGISTER

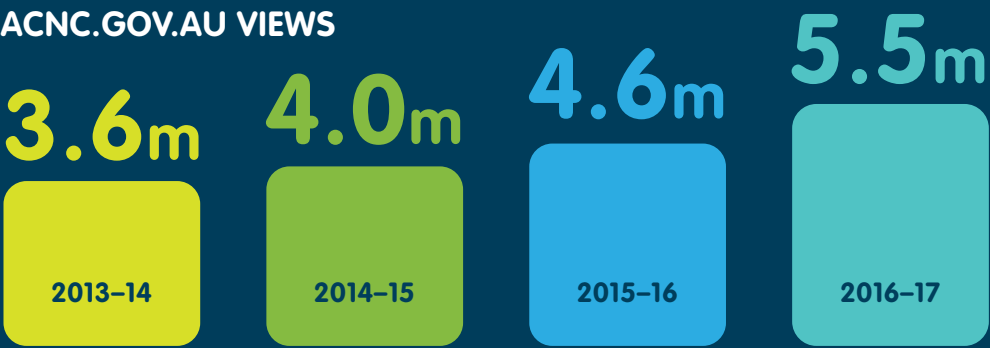
\$6 BILLION

IN ASSETS CORRECTED ON
ACNC CHARITY REGISTER

! 6,813 ERRORS
IDENTIFIED

ADVICE/GUIDANCE

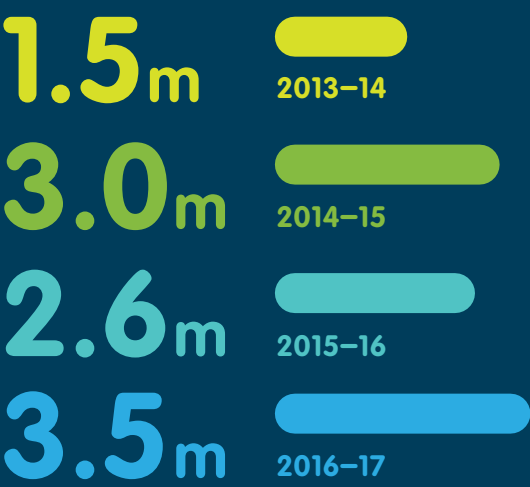
ACNC.GOV.AU VIEWS



FACE-TO-FACE STATS



CHARITY PORTAL USAGE



Contents

Part 1 Our year in review **9**

Commissioner's review	10
Advisory Board Chair's review	15

Part 2 Our organisation **17**

About us	18
Our governing legislation	18
Our role	18
Our vision, mission and values	19
Our leaders	20
Susan Pascoe AM – Commissioner	20
David Locke – Assistant Commissioner, Charity Services	21
Murray Baird – Assistant Commissioner, General Counsel	21
Our structure	24
Advice and Corporate Services	24
Compliance	24
Education and Public Affairs	24
Information Technology	25
Legal and Policy	25
Registration	26
Reporting and Red Tape Reduction	26
Our Advisory Board	27

Part 3 Our performance

31

Outcome and program	32
Our program	32
Our objective	32
Our priorities	33
Our key performance criteria	33
Performance reporting: Annual Performance Statements	33
Service standards	34
Our commitment to service in 2016–17	34
Priority 1: Maintaining and enhancing public trust and confidence in charities	37
Reporting to the ACNC	41
Registering new charities	47
External scrutiny of ACNC decisions	53
Our regulatory approach	56
Priority 2: Supporting charities to be healthy and sustainable	71
Here to help	73
Maintaining high-quality service	77
Data collection and analysis	81
Priority 3: Making it easier for charities by driving regulatory and reporting simplification	89
Our collaborative approach to reducing red tape	92
Sector-specific accounting standards	96
Deregulation agenda	97
Review of Registration Directorate	97
Priority 4: Developing an independent, transparent and well-governed ACNC that is enhanced by a positive internal culture	101
Our corporate governance	103
Our people	108

Appendices	117
Appendix A: PGPA Rule annual report requirements for 2016–17	118
Appendix B: Information referred to other government agencies	124
Appendix C: Ecologically sustainable development and environmental performance	125
Appendix D: Contact details	126
Glossary	127
Index	129



Our year in review

Commissioner’s review	10
Advisory Board Chair’s review	15

Commissioner's review



On behalf of the team at the Australian Charities and Not-for-profits Commission (ACNC), I am pleased to present our 2016–17 annual report.

This report provides an account of the ACNC's key activities over the past year, and evaluates our success in meeting our key performance criteria. The ACNC's measures are set out in the Treasury Portfolio Budget Statements 2016–17, under the outcome and program structure of the Australian Taxation Office (ATO).

This report also addresses how we performed against our corporate priorities, which are defined in the *ACNC Corporate Plan 2016–17*. The plan guided our work towards achieving the objects of our foundation legislation, the ACNC Act – to enhance public trust and confidence in charities; to support the sustainability of the not-for-profit sector; and to ease the regulatory burden on charities.

Major achievements 2016–17

I'm proud to report that in 2016–17, we continued to build on the work undertaken during our establishment phase over the past five years and either met or exceeded the majority of our corporate goals. Our key highlights of the year are summarised below.

The Tick of Charity Registration

December 2016 marked the launch of the ACNC Tick of Charity Registration (Registered Charity Tick), an initiative enabling charities to promote their presence on the ACNC Charity Register by displaying an official ACNC 'tick' logo in their communications. Since the ACNC's establishment, registered charities have expressed a desire to display their charity status to the public. The Registered Charity Tick is a simple, attractive logo that registered charities can use to show their charity status.

Our aim is that the Registered Charity Tick becomes synonymous with transparency, accountability and good governance in charities. Although registered charities are not required to use the Registered Charity Tick, over 10,000 charities have downloaded their copy of the logo – a big tick for enhancing public confidence and trust in the sector.

Australian Charities Report 2015

On 14 December 2016, we launched the ***Australian Charities Report 2015***. The Australian Charities Report is our annual flagship research initiative, and is essentially a charity sector census.

The ***Australian Charities Report 2015*** highlighted a booming charity sector whose contribution to Australia's GDP equates to almost 8.3 per cent.

Produced by the Centre for Social Impact in partnership with the Social Policy Research Centre at the University of New South Wales (UNSW), the report is an analysis of data from registered charities, submitted through their 2015 Annual Information Statements.

The report's key findings emphasised the sector's considerable – and growing – impact on the country, in particular its contribution to the economy.

With assets worth \$267 billion and 2015 income of \$134.5 billion, the charity sector has grown two per cent in value since 2014. Donations increased by 2.4 per cent, with Australians giving \$11.2 billion to charitable causes.

The report also indicated that the charity sector is one of the country's largest employers – second only to retail – and accounts for approximately 10 per cent of Australia's total workforce. In addition, nearly three million Australians volunteered for a registered charity in 2015.

The report – along with an interactive data cube, which was introduced with last year's report – can be accessed at australiancharities.acnc.gov.au. As we obtain more data each year our understanding of the sector's operations and finances will become increasingly more robust, which in turn will assist those wanting quality assurance on the conduct of charities.



\$134.5b
IN INCOME

**37% OF AUSTRALIAN
CHARITIES ARE
EXTRA SMALL**

Australia's Smallest Charities Report

In 2016–17 we also commissioned a report on Australia's smallest charities – that is, those with annual revenue of \$50,000 or less.

The report includes a number of case studies that illustrate the invaluable work being done by 'extra small' charities, often in local communities.

We found that the 19,000 extra small charities in Australia account for 37 per cent of all registered charities. They are well supported by their local communities, and benefitted from the time and energy of over 430,000 volunteers. Four out of five extra small charities operate with no paid staff at all. You can read the *Australia's Smallest Charities 2015* report at australiancharities.acnc.gov.au.

Red tape reduction

As one of the three objects in the ACNC Act, reducing the regulatory burden on the charity sector remains an important area of focus for us. Our ongoing commitment to clearing unnecessary administrative hurdles for charities has now resulted in significant red tape reduction reforms in a number of jurisdictions.

In last year's annual report we noted that new legislation had been passed in both South Australia and Tasmania that would effectively lighten the regulatory load for charities in those states. This momentum continued into 2017, when our work with Australian Capital Territory regulators brought an end to duplicative reporting requirements there.



Fundraising regulations in South Australia and the Australian Capital Territory were amended so that charities seeking to collect donations in those jurisdictions no longer need to apply for a licence to do so.

In June, Consumer Affairs Victoria confirmed it would introduce a 'report once, use often' approach for around 2,000 fundraisers and 3,000 incorporated associations registered with both Consumer Affairs Victoria and the ACNC. This was in response to the Statement of Expectations from the Minister for Consumer Affairs, Gaming and Liquor Regulation, which included the reduction of the regulatory burden on Victorian not-for-profit organisations as a Consumer Affairs Victoria performance target for 2017–2019.

Data-sharing agreements were implemented with South Australia, Tasmania and the Australian Capital Territory.

A 2014 Senate inquiry into the ACNC identified a number of highly regulated charity sub-sectors, including aged care and hospitals, medical research institutes, universities and non-government schools. During 2016–17 we met with representatives from peak bodies and regulators for each of these sectors to discuss their reporting requirements under the ACNC Act. We have continued our streamlined reporting arrangements with non-government schools, and we will explore further opportunities to streamline reporting.

In addition, use of the Charity Passport has increased. Twenty government agencies now access charity data through the passport, thereby reducing the need for charities to provide their information multiple times.

Dealing with non-compliance

While we recognise that the majority of registered charities operate capably, professionally and legitimately, when cases of serious misconduct and mismanagement arise, the ACNC takes firm action.

In March 2017, we released the **Charity Compliance Report 2015 and 2016**, which summarised the ACNC's compliance activities of the past two years and our regulatory risk priorities for the coming 18 months.

We published this report because we believe that there are many lessons charities can learn from the way the ACNC has handled valid complaints. This report uses aggregated data and de-identified information to give readers an insight into the compliance work of the ACNC. By sharing this information, we can further our statutory objects of promoting trust and confidence in charities, and of supporting and sustaining a robust, vibrant, independent and innovative sector. We also hope that people involved in charities will be able to learn from these examples and improve their organisation's governance.

In 2016–17, the Compliance Directorate assessed 249 concerns. Of these, 22 organisations had their charitable status revoked. We worked with many other charities to address governance failings and to get them 'back on track'.

This is an increase on 2015–16, when the Compliance Directorate assessed 179 concerns and revoked the charity status of 10 organisations.

We attribute this year's growth in the number of concerns to the public's increasing awareness of the ACNC, our greater intelligence capability and our implementation of a penalty process for charities that fail to submit their Annual Information Statements on time.





IT upgrade

As a digital-by-default agency, a robust IT infrastructure is essential to our ability to meet our objectives.

In 2016–17, the ACNC commenced major IT development projects, including the migration of the ACNC server to a cloud-based system and the implementation of a new fit-for-purpose infrastructure. Improvements to internally facing business systems and the introduction of productivity tools such as Skype for Business, SharePoint and Office 365 were also initiated.

These improvements will ensure system stability, increase the speed of the Charity Portal and enhance the overall user experience of the ACNC website.

Following an additional \$2.979 million in government funds being made available to the ACNC for 2017–18, we will continue this work into the new financial year. This extra capital will enable us to achieve significant efficiencies across the business and further improve the customer experience.

Commissioner's Interpretation Statement on Public Benevolent Institutions

In December, we published a ***Commissioner's Interpretation Statement on Public Benevolent Institutions***, which outlines the ACNC's current understanding of the law concerning Public Benevolent Institutions and how organisations may fit the charity subtype.

The release of the statement follows consultation with the public, charity sector members and professional advisors on an exposure draft statement issued earlier in 2016.

Community feedback on the Commissioner's Interpretation Statement has been positive.

The Committee conveys its sincere appreciation at the open and productive manner in which the sector was consulted in relation to the Statement and congratulates ... the Australian Charities & Not-for-profits Commission (ACNC) on the final product.

– Australian Law Council



The year ahead

In December 2017, the ACNC will have been in operation for five years. In that time we have established ourselves as a firm but fair regulator – one that the public and sector trust will act justly, transparently and responsively. The year ahead will see our now mature agency step into the next phase of development. Our focus over the next year is to consolidate our operations and contribute to a mandatory review of our foundation legislation, which will provide the government with an opportunity to assess the impact of the ACNC Act and to identify any gaps or areas for improvement.

The *ACNC Corporate Plan 2017–18* sets out our organisational vision, values and priorities for the coming year. It builds on the work completed in establishing the ACNC and is central to our governance and reporting framework.

... our focus over the next year is to consolidate our operations and contribute to a mandatory review of our foundation legislation ...

We are committed to corporate priorities that support charities to be healthy and sustainable, enhance public trust and confidence in the sector and focus on reducing unnecessary administrative burden by working with all levels of government.

Thanks to staff, the Advisory Board and the sector

Without its staff, the many achievements of the ACNC in its first five years would not have been possible. We pride ourselves on being a responsive regulator that understands and respects the sector it oversees.

I personally want to thank each member of the ACNC team. I am grateful for the passion, professionalism and persistence they have consistently displayed over the years, particularly during times of uncertainty. Our two Assistant Commissioners, Murray Baird and David Locke, have provided exemplary leadership and been instrumental in the ACNC thriving as an effective digital regulator with strong technical expertise.

I also want to thank the Advisory Board members past and present. It is a privilege to work with a Board of such diverse and rich experience. In particular, I would like to thank Advisory Board Chair Tony Stuart for the leadership he's shown since his appointment in May 2016.

Finally, as my term as Commissioner of the ACNC comes to an end on 30 September 2017, I would like to sincerely thank the sector for their support throughout my time as Commissioner. It has been an honour to serve as the inaugural ACNC Commissioner. On a daily basis, I have been inspired by hard-working people who dedicate their lives to the Australian not-for-profit sector for the benefit of others.

I am confident that the ACNC will continue to shine a light on Australia's charities and in doing so allow this vibrant, valuable sector to continue to flourish.



Susan Pascoe AM

ACNC Commissioner 2012–2017

Advisory Board Chair's review

It is with great pleasure that I introduce the ACNC's Annual Report for 2016–17.



The past 12 months have been eventful and encouraging for the national charity regulator. During the year we saw the ACNC make significant progress towards its long-term goals.

The ***Australian Charities Report 2015*** revealed not only the enormous breadth of the charity sector and its considerable value, but also the Australian public's growing appetite for giving.

Our red tape reduction efforts continued to gain momentum. Agreements were secured in the Australian Capital Territory and Victoria, bringing the total number of state/territory reforms to four – with others on the horizon.

The Australian public's growing awareness of the ACNC, and the charity sector's willingness to comply with its legislative obligations, resulted in an increase in the number of concerns raised about the conduct of charities and, as at 30 June 2017, 90 per cent of registered charities submitting their 2016 Annual Information Statement.

And, as a testament to the agency's commitment to developing its people and maintaining a values-led organisational culture founded on leadership, collaboration

and inclusion, ACNC Commissioner Susan Pascoe AM was awarded the 2016 Leadership in Government Award for Outstanding Contribution in Public Administration.

Indeed, due to Susan's leadership, drive and integrity, and the support of the ACNC Advisory Board, the agency has achieved an enormous amount in five years, including:

- launching Australia's first ever publicly available online database of registered charities, the ACNC Charity Register – which has been searched two million times
- registering over 11,500 new charities – with charities reporting 94 per cent satisfaction with the registration process
- ensuring that only those organisations that comply with the ACNC Act and Governance Standards are able to maintain charity status through a proportional approach to compliance – with over 19,000 organisations revoked or removed from the Charity Register
- securing a commitment from the sector to provide accurate and on-time information – with current Annual Information Statement compliance rates at 96 per cent (for 2016) and 99 per cent (for 2015).

While Susan would be the first to acknowledge the team effort involved in establishing a world-leading, digital-first national regulator, the Advisory Board and I would like to acknowledge her enormous contribution to the ACNC and Australia's not-for-profit sector.

As Susan steps down as the ACNC's inaugural Commissioner in September, we will feel her loss, but equally her impact. Her legacy allows us to enter 2017–18 with a clear strategy and a proven plan for its implementation already under way.

Thanks to the Advisory Board

It has been my pleasure to work with the members of the ACNC Advisory Board over the past year and I want to thank them for their commitment and enthusiasm.

Their passion, diversity of knowledge and dedication is a credit to each of them, and their expertise and input has been invaluable in achieving the objects of the ACNC.

Throughout 2016–17, my fellow Advisory Board members and I met with charity CEOs and representatives around the country in order to learn more about the challenges facing Australia's registered charities. I appreciate the

time charity representatives generously donated to speak with us, and would like to extend my thanks to the members of the Advisory Board who have consistently shown their commitment to engaging with the broader charity sector.

Looking ahead

In 2017–18 the Advisory Board will continue to work towards achieving the objects of the ACNC's foundation legislation, with particular focus on:

- the agency's five-year legislative review commencing in December
- tackling emerging areas of compliance concern
- continuing our push for reporting harmonisation across states and territories
- ongoing improvement of the Charity Register.

Our understanding of the sector, our commitment to its long-term sustainability and our excellent people all position the ACNC well for dealing with our next phase of development. The Advisory Board and I look forward to the year ahead.

Tony Stuart

Chair, ACNC Advisory Board





Our organisation

About us	18
Our leaders	20
Our structure	24
Advisory Board	27



About us

Our governing legislation

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 the following three objects for the regulation of the Australian not-for-profit sector:

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

These objects set the direction for the ACNC's work as the national charities regulator. While the ACNC Act refers to not-for-profits and the not-for-profit sector the ACNC currently only regulates registered charities.

The Charities Act

The *Charities Act 2013* (Cth) (Charities Act) came into effect on 1 January 2014. The Charities Act introduces statutory definitions of 'charity' and 'charitable purpose', which apply for the purposes of all Commonwealth legislation.

The ACNC Regulation

The *Australian Charities and Not-for-Profits Commission Regulation 2013* (Cth) (the ACNC Regulation) provides more detailed requirements in relation to the Charity Register, financial reporting and sets out the governance standards.

Our role

As the independent national regulator of charities, the ACNC is responsible for determining whether an organisation meets the legal definition of charity and for ensuring charities meet their ongoing obligations as registered charities. The ACNC helps charities understand and meet their obligations by providing information, guidance, advice and other support. Where charities are not meeting their obligations, the ACNC will investigate and take appropriate action to ensure they are appropriately governed and that charitable funds are used for their intended purpose.

The ACNC helps the public understand the work of the charity sector through maintaining a freely accessible register of information about charities for the public, funders, donors and governments. The ACNC Charity Register enables charities to demonstrate transparency by publishing information in a central repository and it gives the public free access to information about individual charities and their governance. This information promotes the important contribution that charities make to Australian society and around the world, and serves as a vehicle to promote and maintain public confidence in the charitable sector.

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



Our vision, mission and values

The ACNC's vision and mission establish the standards and culture for ACNC staff. They also inform charities and the broader community on what to expect when we engage with them.

The ACNC strives to model the behaviours we would like to see in the sector – good governance, honest respectful relations, and transparent administration.

We are committed to the principles of regulatory necessity, reflecting risk and proportionate regulation.

We uphold the Australian Public Service (APS) Values as set out in the *Public Service Act 1999* (Cth).

The ACNC's Corporate Plan 2016–17 documents our vision, mission, values and strategic priorities for the year. The five key values of the ACNC align with the APS values, address the unique aspects of our business and environment, and guide us in how we conduct ourselves in carrying out our role.

Our values, illustrated in Figure 2.1, underpin our regulatory approach and the way we perform our work.

Figure 2.1: The vision, values, mission and corporate priorities of the ACNC



Our leaders

The ACNC Executive comprises the Commissioner, the Assistant Commissioner, Charity Services and the Assistant Commissioner, General Counsel.

Susan Pascoe AM Commissioner



Susan Pascoe AM is the inaugural ACNC Commissioner. Prior to this appointment, Susan was Commissioner of the State Services Authority in Victoria. In this role she chaired or co-chaired reviews into the regulation of the not-for-profit sector (2007–08), the design and governance of regulatory bodies in Victoria (2008–09), and Victoria's Indigenous Employment Strategy (2008–09). In 2009, Susan was appointed as one of three Commissioners to the Victorian Bushfires Royal Commission.

Susan began her career in education. She participated in state, national and international efforts to improve the quality and equity of school education. She also served as President of the Australian College of Educators, CEO of the Victorian Curriculum and Assessment Authority and Chief Executive of the Catholic Education Commission of Victoria. Susan chaired the Australian National Commission for UNESCO, and was a Patron for the Melbourne Parliament for the World's Religions. She has chaired or served on a number of education, health and government boards.

In 2007, Susan was appointed Member of the Order of Australia for service to education and the community through a range of executive roles; development and implementation of curriculum policy; and contribution to international initiatives and resources for educators in the Pacific region.

She has continued to receive recognition for her achievements during her time with the ACNC, most recently in the form of the prestigious Outstanding Contribution to Public Administration Award, which recognised exceptional leadership in the Australian Public Service in 2016.

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 where he had 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 several international governments on the regulation of non-government organisations.

David qualified as a lawyer in the UK and started his career in community legal centres there where he spent over 10 years managing the delivery of services to the public.

David has served as a board member and volunteer of a number of charities and not for profits.

Murray Baird

Assistant Commissioner, General Counsel



A member of the ACNC Executive team since the regulator's inception, **Murray Baird** has dedicated his career to not-for-profit and charity law and governance. Before joining the public sector, he was a senior partner at Moores Legal, where he led the not-for-profit team.

A sought-after adviser, writer and presenter on not-for-profit legal issues, Murray has acted in several leading cases in the field of charity law, and has served on the boards of public and private companies and charities.

Murray also has practical experience of not-for-profit issues through a number of leadership roles in the sector. He has been Chairman of Ansvar Insurance (a specialist insurer in the not-for-profit sector), Chairman of First Samuel Limited (an investment adviser and manager for many in the sector) and Chairman of the National Housing Company which is engaged in affordable housing. He has also served on boards of schools, church and community organisations. Murray was formerly a Director of the Australian Charity Law Association and Appeals Officer for the Australian Council for International Development (ACFID) Code of Conduct.



Leadership with heart

Susan Pascoe's exceptional leadership recognised

According to the judging panel at the 2016 Leadership in Government Awards, exceptional leaders demonstrate a mix of personal drive and integrity, talent for cultivating productive working relationships, the ability to shape strategic thinking and communicate with influence, as well as being able to achieve results.



It's important to recognise we operate in a team. We all bring strengths and weaknesses but it's the collective that creates the best outcome.

– Susan Pascoe AM

It is fitting that in November 2016, ACNC Commissioner Susan Pascoe AM was announced as winner of the Outstanding Contribution in Public Administration Award.

The awards recognise exceptional leaders whose work builds stronger economies, stable nations and prosperous communities. The Chartered Accountants Australia and New Zealand (CAANZ) support the awards.

Susan was humbled and delighted by the award and proud to be identified by the judges, whom she described as 'exemplary public servants and academics who have contributed a great deal to our communities'.

At the time, Susan said: 'Public administration, particularly within the Australian Public Service, attracts many committed, high-calibre individuals.'

The chair of the judging panel – former ATO Commissioner Michael D'Ascenzo – congratulated Susan on her approach to leadership, saying: 'This award goes to people who are able to achieve outstanding results, who go the extra mile, but [who] do so in a way that brings others along and allows them to perform at their best as well.'

Aptly, Susan took the opportunity to acknowledge her colleagues at the ACNC, stating that the award was a reflection of their hard work and dedication, and that she had accepted it on their behalf with great pride.

Susan's inclusive, values-based leadership while at the helm of the national regulator has been lauded by those in the public and charity sectors alike. She has been credited with steering an embryonic agency from establishment through to its current position as a world-leading digital-by-default regulator, promoting an enduringly positive, customer-focused organisational culture.

ACNC wins awards for reporting and digital innovation

The Australian Reporting Awards (ARA) is an independent not-for-profit organisation that promotes excellence in financial and business reporting.

In June the ACNC won a Silver Australasian Reporting Award in recognition of the excellent quality of our 2015–16 annual report. Winning this prestigious award allowed us to demonstrate that we hold ourselves to the high standards of good governance, transparency and accountability that we advocate in the charity sector.

We were also delighted to see registered charities like the Royal Flying Doctor Service, Cancer Council NSW and Bridge Housing all recognised for their accountability and governance practices through annual reporting.

Additionally, the ACNC was a finalist for the ARA Special Award – Communication in the Public

Sector, a reflection of our ongoing commitment to community and stakeholder engagement.

These accolades follow the Institute of Public Administration Australia (IPAA) Public Sector Innovation Award we received for the Charity Portal (featured in last year's annual report). The Portal was recognised as an example of a transformative digital innovation that facilitated better services and interactions with citizens.

These awards are resounding endorsements of the ACNC team's hard work and dedication, and a reflection of our commitment to supporting the charity sector to ensure its viability and its longevity.





Our structure

The ACNC has seven directorates, each of which plays a vital role in the agency's ability to achieve the objects of the ACNC Act. The directorates' respective functions are summarised below, while our organisational structure is depicted in Figure 2.2.

Advice and Corporate Services

- Deliver the ACNC's multi-channel help service, which responds to enquiries and complaints by phone, electronically and hard copy.
- Provide tailored and specific guidance to support charities to embed good governance practices and meet reporting obligations.
- Receive and resolve enquiries and concerns raised by the public.
- Process ACNC approved forms.
- Manage projects to enhance the integrity of the ACNC Charity Register.
- Coordinate and facilitate ACNC induction training for all new staff.
- Lead the Annual Information Statement improvement project.
- Provide finance support to the ACNC, including budget development and forecasting, procurement, financial reporting and advice.
- Provide human resources business partner support to the ACNC in relation to workforce planning, recruitment, performance management, HR reporting, policy advice, engagement, culture and 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 including audit and risk, corporate planning and reporting.

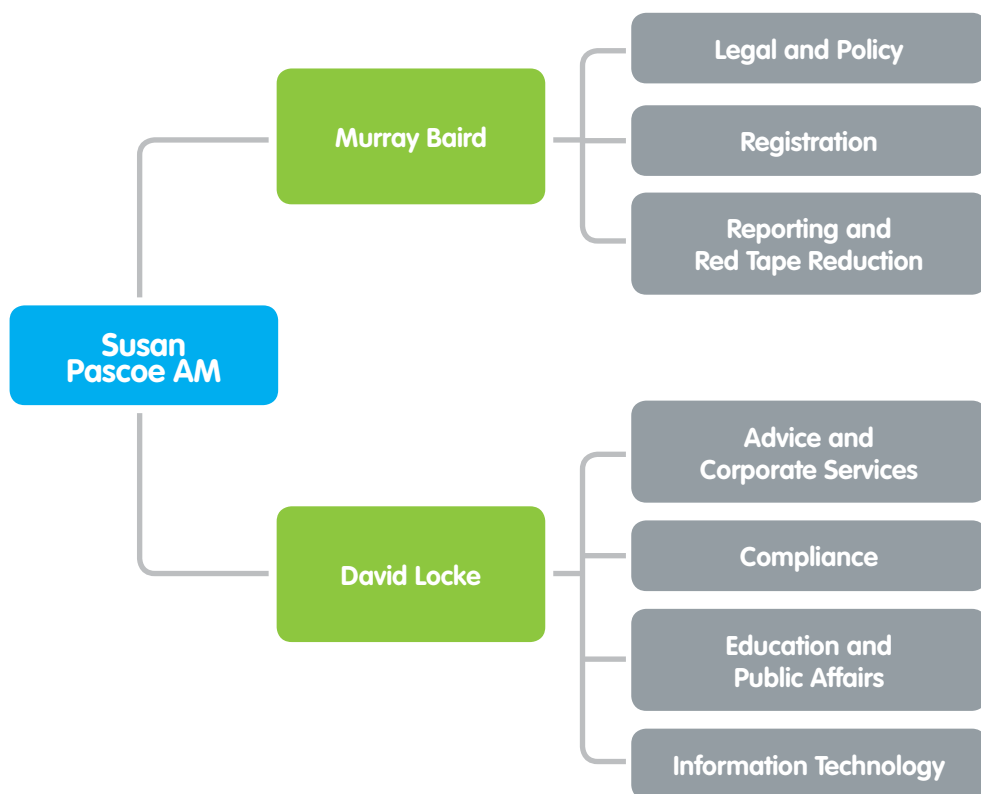
Compliance

- Use data analytics and intelligence to identify the most serious risks in the charity sector, including identifying trends and emerging risks.
- Investigate and address non-compliance within the ACNC Regulatory Framework.
- Assist charities to protect themselves from abuse or mismanagement.
- Revoking the charity status of entities found to be engaging in serious or deliberate non-compliance.
- Work across the whole of government to address compliance risks that pose a threat to trust and confidence in the sector.
- Improve Annual Information Statement submission rates, through a warning and penalty regime for charities that fail to submit on time.

Education and Public Affairs

- Promote safe giving through the use of the Charity Register.
- Deliver guidance, education and research for charities and the community.
- Inform and educate registered charities on their obligations under the ACNC Act.
- Provide timely reminders to registered charities to help them meet their obligations.
- Manage proactive and reactive media.
- Maintain the ACNC's online presence through acnc.gov.au and our social media accounts.
- Manage government relations.
- Manage ACNC internal communications.

Figure 2.2: ACNC organisational structure



Information Technology

- Develop, implement and maintain the IT systems used to deliver services to the charity sector, such as the Charity Portal and Annual Information Statement.
- Develop and implement enhancements to the ACNC Charity Register.
- Provide IT infrastructure, internal business systems and support to ACNC staff.
- Provide ongoing technical solutions for the delivery of data to government, research and the general public, such as the Charity Passport for government; provision of data sets for the general public for dissemination via australiancharities.acnc.gov.au data cube or the data.gov.au portal.

Legal and Policy

- Provide legal advice to the Commissioner and ACNC staff on the interpretation and implementation of the ACNC Act and the Charities Act.
- Provide training on relevant legal issues to ACNC staff.
- Manage the conduct of litigation under the ACNC Act.
- Provide legal advice on statutory obligations and reporting requirements arising under other Commonwealth legislation.
- Manage the ACNC's obligations under the FOI Act and the Privacy Act
- Develop and maintain the ACNC's strategic and operational policies.

- Maintain the ACNC's role and presence in external developments, and support the executive in external engagements, environmental scanning and drafting submissions to parliamentary and other inquiries.
- Manage ACNC research projects.
- Provide accessible data to the community, government, funding bodies and the sector.

Registration

- Assess charity registration applications, including determining eligibility for charitable status and charity subtype.
- Provide charities with support and guidance through the registration process and assist them to maintain their entitlement.
- Populate the Charity Register with information about newly registered charities.
- Assess existing charities' requests to withhold information from the ACNC Charity Register, register a new charity subtype or voluntarily revoke their status.

- Streamline the Commonwealth charity tax concessions application process (by forwarding applications to the ATO on behalf of the charity).

Reporting and Red Tape Reduction

- Oversee the design of the ACNC's Annual Information Statements.
- Engage in data integrity projects to ensure that Annual Information Statements are accurate.
- Administer various reporting obligations set out in the ACNC Act and ACNC Regulations.
- Develop and implement the ACNC 'report once, use often' reporting framework.
- Promote the benefits of the ACNC reporting framework and its uptake by the sector.
- Work with other government agencies (Commonwealth, state and territory) to reduce red tape for charities and align regulatory obligations.



Our Advisory Board



Under Division 135 of the ACNC Act, the role of the ACNC Advisory Board is to advise the Commissioner as requested, and make recommendations to her, in relation to her functions under the ACNC Act.

The Board is appointed by the Treasurer and must comprise between two and eight general members who have expertise in the not-for-profit sector, or law, taxation and accounting.

Under section 140–10 of the ACNC Act, general members are appointed for a term of up to three years and are eligible for re-appointment. Ex-officio members remain on the Board as long as they hold the specified office.

In 2016–17 the Board had six general members and four ex-officio members. On 10 August 2017, the Assistant Minister to the Treasurer, the Hon. Michael Sukkar MP announced the appointment of Dr Susan Alberti AC and Mr Peter Hogan as general members of the ACNC Advisory Board for a period of three years.

In 2016–17 the Board met four times:

- 23 September 2016 – Melbourne
- 25 November 2016 – Adelaide
- 2 February 2017 – Hobart
- 12 May 2017 – Perth.

The Advisory Board aims to include all states and territories in its meeting schedule to provide the sector and key stakeholders with access to members. The day before the Advisory Board meeting, the Board meets with invited representatives of local charities and other stakeholders to discuss issues facing charities in that region.

Summaries of past Advisory Board meetings and the location of upcoming meetings are published at acnc.gov.au/advisoryboard.

Members

Tony Stuart

Tony Stuart is the Chair of the ACNC Advisory Board. Tony has 20 years' corporate experience in executive and board roles, and holds a Bachelor of Commerce degree from Canterbury University. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management. Tony is the Chief Executive Officer of UNICEF Australia, which advocates for children's rights internationally and domestically and supports international development programs. He is also a Director of the Starlight Children's Foundation.

Previously, Tony was the Group CEO of National Roads and Motorists Association (NRMA), Australia's largest member organisation. Prior to that he was CEO of Sydney Airports Corporation Limited, Director of Development at Manchester Airport and General Manager at British Airways. He was a founding Director of the Business Council of Co-operatives and Mutuals, a Director of the Heart Research Institute of Australia, a member of the Executive Committee for Sydney and an Advisory Board member of the CEO Sleepout.

Fiona McLeay, Deputy Chair

Fiona McLeay is the CEO of Justice Connect. She has degrees in psychology, criminology and law. In 2000, Fiona became the Pro Bono Coordinator of the Clayton Utz National Pro Bono Scheme.

She became General Counsel at World Vision Australia in 2006 and later worked in their Policy and Programs Group and Engagement Group. Fiona has served on the Boards of a range of not-for-profit organisations, including the Australian Pro Bono Centre and Urban Seed. She serves on the board of the Human Rights Law Centre and is the chair of Health Justice Australia. She is also a member of the RMIT University Juris Doctor Advisory Board.

Table 2.1: Board member attendance 2016–17

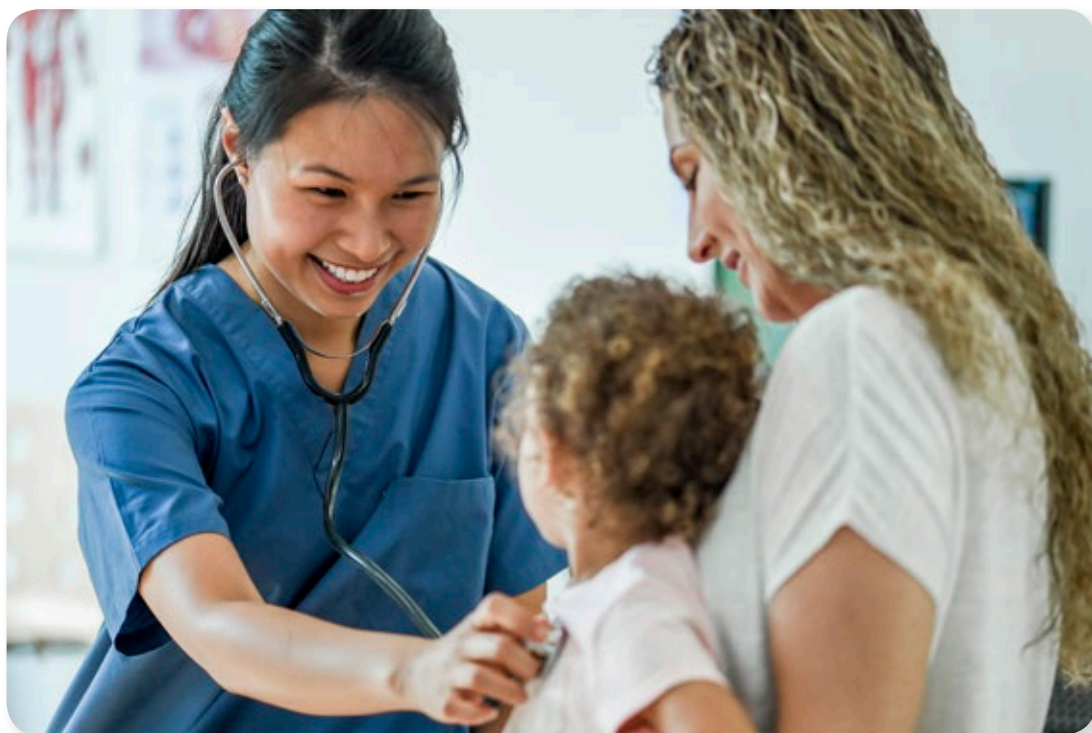
Member	Meetings attended
<i>General members</i>	
Tony Stuart	4
Fiona McLeay	3
Gina Anderson	3
David Gilchrist	4
Martin Lavery	4
Myles McGregor-Lowndes	4
<i>Ex-officio members</i>	
Cindy Bravos	2
Linda Mallett	3
Dini Soulio	4
Dale Webster	3

Gina Anderson

Gina is Co-Founder and Chair of Women's Community Shelters; a Director of The George Institute for Global Health and Chair of The George Institute Foundation; and Philanthropy Fellow, Centre for Social Impact, UNSW. She is also a Director of GDI Property Group and GDI Funds Management.

From 2005 to 2010 Gina was CEO of Philanthropy Australia. Her previous roles at Westpac and St Hilliers included senior general management, corporate affairs, stakeholder engagement, human resources and project management. From 1992 to 1995 she was personal assistant to the Crown Prince of Jordan, which saw her involved in the peace treaty between Jordan and Israel.





David Gilchrist

David Gilchrist is a chartered accountant and an economic historian. He is currently Professor of Accounting at the University of Western Australia (UWA).

Prior to joining UWA, David was foundation Director of the Curtin University Not-for-profit Initiative. David has held a number of senior roles in the not-for-profit, commercial and public sectors, including the role of Assistant Auditor General for Western Australia, and has taught at the London School of Economics.

David holds a number of industry roles including Chairman of Nulsen Disability Services. He is a Director at BaxterLawley Advisory, as well as a member of the CAANZ Not-for-profit Advisory Committee and the AASB Academic Advisory Panel.

David has published widely as an academic and journalist, and is principal author of a number of key national reports.

Martin Lavery

Martin Lavery is CEO of the Royal Flying Doctor Service of Australia. He is a Director of the NDIS Board, a member of the NSW Public Service Commission Advisory Board, Chair of the Australian Government General Aviation Group, and a member of the Social Determinants of Health Alliance committee. Martin was previously CEO of Catholic Health Australia and held management roles at The Smith Family and the NSW Muscular Dystrophy Association.

He has chaired the NSW Heart Foundation Board and two NSW disability charities. A lawyer by training, he has completed a PhD on not-for-profit governance that is currently under examination. He has edited two books on social determinants of health.

Myles McGregor-Lowndes

Emeritus Professor Myles McGregor-Lowndes OAM is a professor in the Faculty of Business at the Queensland University of Technology and Foundation Director of the Australian Centre of Philanthropy and Nonprofit Studies (AC PNS).

He has advised and held board positions in a large variety of not-for-profit organisations over a period of 35 years.

Myles is the author of several books and publications on the law and regulation of not-for-profit corporations, which is his special research interest. He is co-editor of *Regulating Charities: The Inside Story* (2017) – a book on charity regulation in common law countries – with Bob Wyatt, the executive director of the Muttart Foundation in Canada.

Myles is a founding member of the ATO Charities Consultative Committee and in June 2003 was awarded a medal of the Order of Australia (OAM) ‘for service to the community by providing education and support in legal, financial and administrative matters to non-profit organisations’.

Ex-officio members

Cindy Bravos

Cindy Bravos is the Director-General of Licensing for the Northern Territory. The Director-General’s portfolio is extremely diverse, ranging from the regulation of the liquor, private security and gaming industries through to the licensing of escort agencies and disposal of seized kava. In addition, the Director-General has been delegated the independent statutory powers of the Commissioner of Consumer Affairs in relation to the regulation of associations, motor vehicle dealers, pawnbrokers, second-hand dealers and commercial and private agents.

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

Linda Mallett

Linda Mallett has over 30 years’ experience working in government and non-government agencies in the New South Wales human services sector.

Linda is the Executive Director, Ageing Disability and Home Care, with the NSW Department of Family and Community Services. 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.

Dini Soulio

Dini Soulio is Commissioner for Consumer Affairs, Liquor and Gambling with Consumer and Business Services (CBS) in South Australia. CBS has a very broad portfolio including consumer protection, product safety, occupational licensing, liquor licensing, gambling regulation, charities regulation, residential tenancies, and births, deaths and marriages.

Dini’s background is as a solicitor in private practice, working in the areas of insurance, workers’ compensation and criminal law. He then moved to the Australian Customs Service where he was the manager of Border Enforcement and was responsible for investigations and ship search teams. He then joined the Australian Securities & Investments Commission (ASIC) where he had national responsibility for complaints, investigations and prosecutions dealing with matters ranging from scams to liquidator misconduct to directors’ duties breaches to insolvent trading.

Dale Webster

Dale Webster is the Tasmanian Department of Justice’s Executive Director of Consumer, Building and Occupational Services. His role encompasses a number of statutory functions, including being the regulator for charities and not-for-profit bodies for Tasmania.

Dale has held a number of senior roles in the Tasmanian government, including Registrar of the Guardianship Board and Mental Health Tribunal. He spent five years as the Coordinating Member of the Disability Services Ethics Committee.



Our performance

Outcome and program.....	32
Service standards	34
Priority 1: Maintaining and enhancing public trust and confidence in charities.....	37
Priority 2: Supporting charities to be healthy and sustainable.....	71
Priority 3: Making it easier for charities by driving regulatory and reporting simplification	89
Priority 4: Developing an independent, transparent and well-governed ACNC that is enhanced by a positive internal culture	101

Outcome and program

Our program

The ACNC Commissioner is an independent statutory officer with sole responsibility for administering the national regulatory framework for charities. Although the ACNC operates independently, the agency is included under the ATO's program structure and is one of 23 'programs' that deliver the ATO's 'outcome' (in other words, its strategic objectives). The ATO's outcome statement is as follows:

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

As Program 1.4 of the ATO's program structure, the ACNC's deliverables and key performance indicators, which are used to assess and monitor our performance, are published in the Treasury Portfolio Budget Statements.

In line with the Commonwealth Government's enhanced performance framework, our performance measurement and reporting processes meet the requirements of government entities under the the *Public Governance, Performance and Accountability Act 2013* (Cth).

Our objective

The ACNC's objective, which is set out in the 2016–17 Treasury Portfolio Budget Statements, is as follows:

A not-for-profit organisation that wishes to access certain Commonwealth concessions such as tax concessions, exemptions and benefits must first be registered as a charity by the ACNC. The ACNC provides a range of guidance material and help services to registered charities to assist them to understand their obligations under the ACNC Act, which includes ensuring they are able to meet core minimum standards of governance. The ACNC also looks into complaints against charities and initiates compliance action against charities that contravene the ACNC Act or Governance Standards.

The ACNC maintains a free public register of information about charities for the public, funders, donors and governments. The ACNC Charity Register enables charities to demonstrate transparency by publishing information in a central repository and it gives the public free access to information about individual charities and their governance.



This information promotes the important contribution that charities make to Australian society and around the world, and serves as a vehicle to promote and maintain public confidence in the charitable sector.

The ACNC works with other Commonwealth, state and territory government agencies to reduce red tape for charities. The ACNC aims to harmonise and simplify reporting for charities and align regulatory obligations.

Our priorities

The ACNC's corporate priorities for 2016–17 were as follows:

- 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
- sustaining an independent, transparent and well-governed agency with a positive culture and a strong customer service ethos.

Our key performance criteria

The ACNC's 2016–17 key performance criteria, which are the critical success factors in our ability to realise the priorities above, were as follows:

- Registered charities meet their Annual Information Statement reporting obligations.
- Charities identified as no longer being entitled to registration are removed from the register.
- Charity registration applications are processed according to published service standards.
- Concerns raised about charities are processed according to published service standards.
- Enquiries are responded to in accordance with published service standards.
- Targeted guidance is developed to meet the needs of charities.
- Charity Annual Information Statement data is analysed and at least one report is published to demonstrate the contribution Australian charities make to the community.

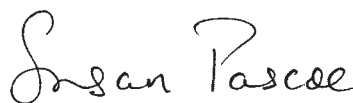
- Where possible, agreements are negotiated with state and territory agencies to work towards harmonising regulatory and reporting obligations for charities.
- Reporting for charities in highly regulated education, health, aged care and disability sectors is simplified and duplication eliminated wherever possible.
- Employee census results improve each year it is conducted.
- A cloud-hosting system is implemented to improve IT system performance.

Performance reporting: Annual Performance Statements

The ACNC's performance against our deliverables and key performance criteria is reported in the following pages.

I, Susan Pascoe AM, Commissioner of the ACNC, as statutory office holder appointed to administer the ACNC Act, present the Annual Performance Statement of the ACNC. The Annual Performance Statement accurately reflects the performance of the ACNC during the 2016–17 financial year and is prepared for paragraph 39 of the *Public Governance, Performance and Accountability (PGPA) Act 2013* (Cth) (PGPA Act).

The statement by the accountable authority to present the Annual Performance Statement for the ACNC is included in the Commissioner of Taxation's Annual Report.



Susan Pascoe AM
Commissioner
Australian Charities and
Not-for-profits Commission
28 September 2017



Service standards

The ACNC is committed to providing high-quality services to the public and to the charities we regulate. The ACNC's service standards are guided by our core values of fairness, accountability, independence, integrity and respect.

Table 3.1 sets out these standards and how we performed against them in 2016–17. You can find more information about our service standards at acnc.gov.au/servicestandards.

Our commitment to service in 2016–17

Each year we strive to improve on the previous year's performance. In 2016–17 we continued to provide our customers with excellent service and in doing so met the majority of the ACNC's service standard targets. The outcomes for each service standard are addressed below.

When customers contact us

Even with 2.5 fewer full-time equivalent (FTE) staff members on the Advice Services team this year, we finished only slightly under the 80 per cent target for our contact service standard.

Of the 36,286 telephone enquiries we received from customers during the year, 78 per cent were answered within two minutes. The average caller had to wait 62 seconds for us to answer the phone when they called.

We responded to 96 per cent of all written enquiries within five business days and processed 91 per cent of all approved forms within seven business days.

When charities do business with us

We aim for the ACNC registration process to be as customer friendly and efficient as possible.

This year we achieved our highest target yet, processing 95 per cent of all applications within 15 days of receiving all the information from the charity.

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

While we fell 1 per cent shy of this year's target, we are confident that several process-related improvements we made in 2016–17, including the introduction of a new online registration form, will put us in good stead to meet this standard next year.



Table 3.1: Service standards performance, 2016–17

Service standard	Description	Measure	Target	Achieved
When you contact us				
General telephone enquiries	Phone calls answered within 2 minutes	Phone calls answered within 2 minutes	80%	78%
General correspondence	Process written enquiries within 5 business days of receiving all information	5 business days	80%	96%
When you do business with us				
Processing approved forms	Process approved forms within 7 business days of receiving all information	7 business days	80%	91%
Registering a charity	Determine charity status within 15 business days of receiving all information	15 business days	95%	95%
Customer satisfaction	After we complete processing a registration application we ask charities to rate their satisfaction with our service	Percentage of customers expressing overall satisfaction with service	95%	94%
When you report a complaint to us				
Complaints about the ACNC	Respond to complainant within 5 business days	5 business days	95%	96%
When your charity is under review				
Investigations	If your charity is being investigated we aim to finalise the investigation and notify you within 6 months	6 calendar months	80%	64%
When you request information we hold				
General information requests	Acknowledge all requests for access to information	14 calendar days	100%	100%
Providing a response not falling under the Freedom of Information (FOI) Act and Privacy Act	Response to general information requests (not falling under FOI and Privacy Acts)	30 calendar days	100%	100%
FOI Act requests	Response to FOI Act requests	30 days	100%	100%
Response to FOI Act requests where third-party consultation is required	Response to FOI Act requests where third-party consultation is required	60 days	100%	100%
Privacy Act requests	Response to requests/applications raised under Privacy Act	30 days	100%	100%

When a concern is reported to us

In accordance with our policy 'Complaints and compliments about the ACNC', we are committed to resolving as quickly as possible any complaints we receive about our services.

... we exceeded our target for this service standard, responding to 96 per cent of ACNC-related concerns within the stipulated five business days ...

When a charity is under review

As an established regulator with policy certainty, we now expect charities to know we exist, and to meet their basic obligations for maintaining ongoing registration and access to tax concessions.

This year the ACNC addressed more public concerns about charities than ever before. We managed 18 per cent more cases than we did the previous year and took more enforcement action. The registrations of 22 charities were revoked following investigations – more than double the number in 2015–16.

This year we began issuing penalty notices to organisations that failed to lodge Annual Information Statements, and we also sent 256 charities final warning letters. This prompted 58 per cent of the late lodgers to submit their Annual Information Statements immediately.

We have increased the number of staff in the Compliance Directorate and enhanced our data analytic capability to better address regulatory concerns.

This year we concluded some long-running investigations and also had to contend with a greater number of investigations that were sensitive and complex in nature, involved other agencies, or had several related entities to consider as part of the investigation.

While these factors meant that we did not meet our investigation service standard, we will continue to review and improve processes to ensure that in future we are able to increase activities and outcomes while also meeting the standard.

When information we hold is requested

The ACNC receives a number of formal requests for information made under legislative frameworks, as well as more general enquiries. The ACNC is committed to responding to 100 per cent of these within the prescribed service standards. As in the previous year, we met these targets in 2016–17.



Priority 1: Maintaining and enhancing 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.

We aim to realise this by achieving the following four corporate goals:

- 1. to develop a fully populated Charity Register with usable, accessible and accurate data
- 2. to enhance the Charity Portal so that charities can securely report and update their details
- 3. to deliver transparent and proactive regulation to manage risk and maintain the sector’s reputation
- 4. to ensure the ACNC is recognised as the national regulator of charities and a credible source of charity information.

Result	Colour	Description
Met	●	Target met or exceeded
Substantially met	●	Targets mostly met
Partially met	●	Some targets were met and issues managed
Not met	●	No or minimal progress made against target



Corporate goal 1.1

To develop a fully populated Charity Register with usable, accessible and accurate data

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: Charities meet their reporting obligations under the ACNC Act				
100% of the largest 1,500 charities (which account for 80% of the sector's total revenue) complete their Annual Information Statement submissions by the due date	<i>Corporate Plan 2016–17</i>	●	<p>In 2016–17, the ACNC implemented strategies to ensure that the largest 1,500 charities submitted their Annual Information Statement on time.</p> <p>As at 30 June 2017, 93% of these charities submitted their Annual Information Statement by the due date, compared to 86% in 2015–16.</p> <p>The ACNC is contacting charities who have outstanding Annual Information Statements.</p>	p. 41
95% of all charities complete their Annual Information Statement	<i>Corporate Plan 2016–17</i> 2016–20 PBS Program 1.4, p. 176	●	<p>As at 30 June 2017, 90% of registered charities had submitted their 2016 Annual Information Statement.</p> <p>As at 25 September 2017, 96% of registered charities had submitted their 2016 Annual Information Statement.</p>	p. 41
There is a 10% annual increase in Annual Information Statement submissions being completed by the due date	<i>Corporate Plan 2016–17</i>	●	<p>There was a 13% increase in Annual Information Statement submissions completed by the due date.</p> <p>As at 30 June 2016, 77% of registered charities had submitted their 2015 Annual Information Statement.</p> <p>As at 30 June 2017, 90% of registered charities had submitted their 2016 Annual Information Statement.</p>	p. 41
Outcome ii: The ACNC Charity Register contains only charities that are entitled to be registered				
100% of charities that are identified as no longer entitled to be registered are removed from the ACNC Charity Register	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, p. 176	●	<p>In 2016–17, we revoked the charity status of 3,810 organisations.</p> <p>This figure is a combination of voluntary revocations of charity status, compliance revocations and the bulk revocation of double-defaulter charities – those that fail to report for two years.</p>	p. 43



Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome iii: The ACNC Charity Register is populated with complete and correct information by charities				
60% of charity records are examined and validated, and identified errors are corrected	<i>Corporate Plan 2016–17</i>	●	In 2016–17, we examined approximately 77% of 2016 Annual Information Statement submissions that were due as of 30 June 2017.	p. 42
Charities holding 80% of charitable assets of registered charities are audited	<i>Corporate Plan 2016–17</i>	●	We have reviewed 70% of charities in this category to ensure that the financial reports have been audited. We will continue to review the remainder in the coming months.	p. 41
The ACNC undertakes an education campaign each year that contributes to reducing common reporting errors	<i>Corporate Plan 2016–17</i>	●	Throughout the year we provide guidance to charities on how to avoid the common errors we see in reporting. We did this this by: <ul style="list-style-type: none"> • publishing guidance on common reporting errors • providing clear guidance on how to submit the Annual Information Statement • writing to charities to ask them to correct reporting errors. 	p. 43
Outcome iv: The Australian public are aware of and use the ACNC Charity Register as a primary source of information about charities				
ACNC Charity Register use increases by 20% each year	<i>Corporate Plan 2016–17</i>	●	Use of the ACNC Charity Register in 2016–17 increased by 37%. In 2016–17, the ACNC Charity Register was searched 755,222 times.	p. 45





Corporate goal 1.1 (cont'd)

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome v: The data collected by the ACNC from charities is used by government, researchers and charities				
The ACNC provides charity data updates to government agencies automatically via the Charity Passport	<i>Corporate Plan 2016–17</i>	●	<p>The Charity Passport is updated on a weekly basis, ensuring that government agencies have access to current and accurate data.</p> <p>We have promoted the increased use of the Charity Passport through the provision of tailored training to managers and staff in Commonwealth, state and territory agencies, with 59 active users.</p> <p>We are an active member of the Commonwealth Government Department of Finance Grants Framework Working Group, which advocates for application of the 'report once, use often' framework in all phases of grants administration.</p>	p. 91
Current open source data on charities is up to date and available on data.gov.au	<i>Corporate Plan 2016–17</i>	●	During the year, the ACNC published our dataset of 2015 Annual Information Statement records. This was the most up-to-date data.	p. 43
The ACNC analyses charity Annual Information Statement data each year and releases at least one report to the public	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 176	●	During the year, in conjunction with the Centre for Social Impact at the UNSW, the ACNC released reports based on Annual Information Statement data – the Australian Charities 2015 reports (including a sub-report, <i>Australia's Smallest Charities</i>). Another sub-report, <i>Australia's Aged Care Charities 2015</i> , was published in July 2017.	p. 10

Reporting to the ACNC

Under the ACNC Act, 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 each year. The statement is generally due within six months of the end of the charity's reporting period and can be submitted online via the Charity Portal. It can also be submitted on paper or through a bulk lodgement or group reporting process.

The standard ACNC reporting period runs from 1 July to 30 June. Charities with reporting periods other than this must submit a request to the ACNC to use a substituted accounting period, and have this request approved by us.

A charity's reporting obligation to the ACNC is proportionate to its size, which is determined by its annual revenue. Medium or large charities are also required to provide us with a financial report. Medium-sized charities must have this report reviewed or audited prior to submission. Large charities must have their financial report audited. Basic Religious Charities are not required to report their financial information.

As at 25 September 2017, 47,913 registered charities had submitted their 2016 Annual Information Statement – over 4,300 more than had been submitted at the same time last year. Late submitters will continue to file their 2016 Annual Information Statement in early 2017–18.

Since our establishment in December 2012, registered charities have been required to submit four Annual Information Statements. Each year, we have seen an increase in the number of statements submitted by 30 June, as illustrated below:

- 2013 Annual Information Statement – 66%
- 2014 Annual Information Statement – 73%
- 2015 Annual Information Statement – 77%
- 2016 Annual Information Statement – 90%.

Table 3.2: Annual Information Statement and financial report submissions

As at 25 September 2017	2015 Reporting period	2016 Reporting period
Total number of Annual Information Statements received by the ACNC to date	48,321	47,913
Total number of Annual Financial Reports received by the ACNC to date	20,305	20,166

Group reporting

In our ongoing commitment to reducing the administrative burden on charities, the ACNC allows some charities to report as a group. This means only one Annual Information Statement and one financial report (if applicable) is submitted to the ACNC on behalf of a group of registered charities.

Group reporting eligibility is subject to our assessment and approval and is determined by factors such as whether the arrangement compromises transparency or our ability to assess compliance. Most reporting groups are made up of three charities.

In 2016–17, 232 reporting groups comprising 1,201 registered charities were approved. This was an increase of 109 groups and 377 registered charities over the prior year.

Bulk lodgement

Bulk lodgement allows for ten or more Annual Information Statements to be submitted on behalf of multiple registered charities, using a single form.

We continue to allocate considerable resources to providing a customised, streamlined and user-friendly bulk lodgement process. In 2016–17, we introduced additional validation rules to improve the data integrity of submissions. This has benefitted thousands of charities by reducing the amount of time and effort it takes them to meet their reporting obligations.

As at 25 September 2017, 15.6 per cent (7,492) of 2016 Annual Information Statements were filed using bulk lodgement, compared to 16.5 per cent (7,965) of 2015 Annual Information Statements.

Data integrity

This year we continued to monitor the financial information provided by charities in their Annual Information Statements.

For the 2015 Annual Information Statement, we reviewed 42,238 submissions to identify financial errors. The financial information in statements from charities declaring over \$30 million of income, assets, liabilities or expenses was compared against the information in their financial reports. Charities whose submissions contained inconsistencies that exceeded our materiality threshold of 5 per cent of total revenue, assets, liabilities or expenses, or \$50,000 (whichever was lower), were asked to correct their information.

As a result of this analysis, we contacted 6,813 charities to address errors that had been identified in their 2015 Annual Information Statement. This translated to over \$57.4 billion

being corrected on the ACNC Charity Register (this includes both sub-totals and totals), including:

- \$5.7 billion in total revenue
- \$6 billion in total assets.

Our analysis also allowed us to identify 360 charities that had incorrectly classified themselves as a Basic Religious Charity. These charities were registered under the *Corporations Act 2001*, or its state-based equivalent, which meant they did not meet the legislative criteria of that classification.

We worked with these charities to correct their Annual Information Statements, and we also contacted and assisted those charities that had made this incorrect classification in their 2015 Annual Information Statement. This resulted in an additional \$17 million in revenue being disclosed.

We also introduced new features, such as auto-calculation, into the 2016 Annual Information Statement to reduce the incidence of reporting errors.



We will continue to work towards our corporate priority of enhancing public trust and confidence in charities by analysing Annual Information Statements to identify errors. This will ensure that the ACNC Charity Register contains current, accurate and complete data on registered charities.

Double-defaulter charities

Registered charities are required to submit an Annual Information Statement to the ACNC each year. Failing to submit two Annual Information Statements is grounds for revoking a charity's registration.

In many cases, charities have ceased operating and failed to notify the ACNC. However, there are other charities who are still operating, but have failed to meet their reporting requirements. Before revoking a charity's registration, we make multiple attempts to contact the charity. In addition, we also publish a list of charities at risk of revocation on our website.

In 2016–17 we revoked the registration of 1,138 charities for failing to report, in doing so removing their entitlement to Commonwealth charity tax concessions. This is an improvement on 2015–16, where we revoked registrations of 3,810 double-defaulter charities.

... we revoked the registration of 1,138 charities for failing to report, in doing so removing their entitlement to Commonwealth charity tax concessions.

Transitional arrangements

In 2016–17, charities that were required to provide state, territory and Commonwealth regulators with financial information were able to lodge their same financial reports with the ACNC. We continued to work with other regulators across jurisdictions to minimise and streamline reporting obligations for charities. Additional information is available in the highly regulated sub-sectors section on page 100.

2017 Annual Information Statement Consultation

Over the period of 4 August to 6 October 2016, the ACNC engaged in consultation with the sector about the 2017 Annual Information Statement. We published a paper seeking input on a number of proposed amendments to the statement and invited people to submit feedback via an online survey, in writing or face to face at sessions held in 15 regional and metropolitan locations. We also ran a dedicated session for non-government schools.

Of the 280 participants who contributed:

- 85 completed the online survey
- 13 submitted a written response
- 182 attended a face-to-face consultation session.

The consultations helped shape the improvements we ultimately made to the 2017 Annual Information Statement, including a new requirement to specify the charity's number of full-time equivalent (FTE) staff. You can read the full summary the results from the consultation process at acnc.gov.au/2017AISconsultation.

Open data

The ACNC is committed to making the data we collect about charities freely and easily available. In 2016–17 we uploaded data drawn from the 2015 Annual Information Statements of more than 46,000 registered charities to data.gov.au. The information, which includes financial information, is updated weekly, and allows users to download, compare, filter and sort it according to several variables. The ACNC's Charity Register data set is the sixth most downloaded data set on the site and has been viewed over 30,000 times.





Corporate goal 1.2

To enhance the Charity Portal so that charities can securely report and update their details

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: Charities can complete all reporting requirements with minimum effort and maximum accuracy				
Complaints about using the Charity Portal are reduced by 50%	<i>Corporate Plan 2016–17</i>	●	Complaints about the Charity Portal decreased by 40%. In 2016–17, we received 62 complaints about the Charity Portal. In 2015–16, we received 104 complaints about the Charity Portal.	p. 78
Improving smart form capability and guidance to reduce reporting errors by 50%	<i>Corporate Plan 2016–17</i>	●	The online Annual Information Statement 2016 included client-side auto-calculation of financial data elements. This significantly reduced the number of errors made in that year's statement. As of 5 September 2017, the error rate for the 2016 Annual Information Statement had reduced by 80% compared with the 2015 Annual Information Statement.	p. 44

The Charity Portal: Reporting with minimum effort and maximum accuracy

The ACNC Charity Portal is a one-stop administration hub for charities – a convenient, secure, easy-to-use digital resource where charities can simply log in to complete all their reporting requirements and spend less time and effort on paperwork.

Last financial year, the portal was recognised by the Institute of Public Administration Australia (IPAA) as a digital innovation that improved the quality of the service we provide charities.

We continue to make enhancements to the features and interface of the Charity Portal so our customers can spend more time doing what they do best.

In 2016–17 we undertook several initiatives, outlined below, to expand its functionality.

In addition to being able to submit their Annual Information Statements, charities can now use the portal to update their details, request a substituted accounting period, and change and reset passwords. The Registered Charity Tick and charity certificates can now be downloaded from the Charity Portal.

We also expanded the capabilities of our smart forms, focusing on improving the functionality, stability and overall usability of the 2016 Annual Information Statement. As noted above, we introduced an auto-calculation function to the



financial statement questions for small, medium and large charities. This led to fewer errors being made in the 2016 statement compared to 2015. We also included a new section for public and private ancillary fund charities, allowing them to report once to the ACNC and fulfil their reporting obligations to the ATO.

In another example of our efforts to reduce the regulatory burden on the charity sector, we also launched a new South Australian Fundraising Notification form, a simple form that replaces fundraising licence applications for registered charities intending to fundraise in SA.

The number of forms submitted via the Charity Portal remained flat against prior year, with this year's total of 32,955 falling only slightly short of 33,593 in 2015–16.

Echoing last year's trend, most of the forms that were submitted via the portal were for the purpose of adding a Responsible Person (that is, a member of the charity's governing body) to the charity's register listing. An average of 2,746 forms were submitted each month, 70 per cent of which were for that purpose.

There were 3.5 million Charity Portal views this year, which represents an increase of 35 per cent over 2015–16. The average time spent on the portal dropped slightly from 17 minutes to 16 minutes 20 seconds and, as was the case previously, usage peaked during the months containing common reporting milestones – October and November 2016 and January, February and June in 2017.

CHARITY PORTAL USAGE

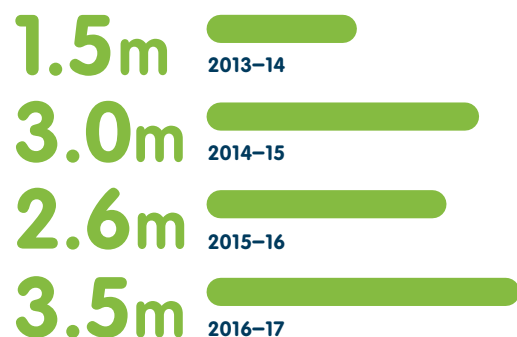
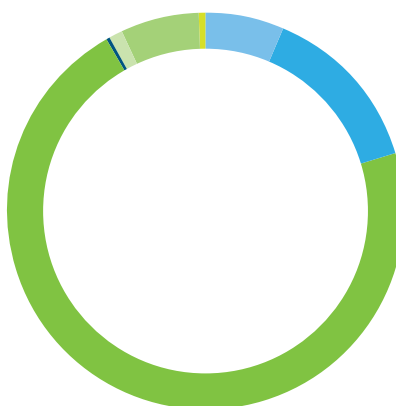


Figure 3.1: Charity Portal form submissions by purpose, 2016–17



Charity Portal form	Submissions	
	Average monthly	Total
Change of Address for Service details	180	2,164
Change of Legal Name and/or Governing Documents	378	4,534
Add a Responsible Person	1,960	23,519
South Australian Fundraising Notification	9	108
Request a Subtype (change)	35	416
Select a Subtype (select)	173	2,073
Apply to withhold information	12	141
Total	2,746	32,955

Corporate goal 1.3

To deliver transparent and proactive regulation to manage risk and maintain the sector's reputation

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: Charities are able to understand and complete the registration process in a timely way with minimum need for additional professional support and only charities that are eligible are registered				
ACNC decision-making processes and decisions are transparent and consistent	<i>Corporate Plan 2016–17</i>	●	<p>The ACNC website contains guidance as to how to complete a registration application and an online form that facilitates faster and more accurate information collection.</p> <p>The registration form and associated guidance and checklists have recently been redrafted to improve the user experience. The new form and guidance is anticipated to be available in 2017–18.</p> <p>The ACNC seeks feedback from Professional and Sector User Group representatives to ensure our processes are working as intended and our guidance is meeting the needs of its users.</p> <p>The ACNC commissioned Deloitte to review the Registration function in 2016–17 to identify further efficiencies and business process improvements.</p>	N/A
Registration applications are processed within the agreed service standards as published on the ACNC's website	<i>Corporate Plan 2016–17</i> PBS Program 1.4, page 176	●	The service standard that 95% of applications must be completed within 15 days of full information being provided was successfully met.	N/A
A list of newly registered charities is published on the ACNC website each month	<i>Corporate Plan 2016–17</i>	●	We published a list of newly registered charities every month at acnc.gov.au/recentlyregistered .	N/A

Registering new charities

When the ACNC makes a decision about whether to register an organisation as a charity, we determine whether the organisation meets the requirements of the definition of charity including having a charitable purpose. We make this decision in accordance with the ACNC Act, the Charities Act and the *Charities (Consequential Amendments and Transitional Provisions) Act 2013* (Cth) and the relevant law made by judges ('common law').

Charities may be registered as a particular subtype of charity that reflects its charitable purposes – for example, Advancing Health or Advancing Education. The ACNC Act and the Charities Act set out additional requirements that an organisation must meet in order to be registered as a charity, such as being a legal entity and having an ABN.

CASE STUDY

Charitable purpose

In 2017, we received a charity registration application from an organisation that was implementing a range of sport and recreational programs, including basketball and go karting, for young people with disabilities.

Although an object of promoting sport or recreation is generally not a charitable purpose, in this instance the organisation's application for registration was successful.

The ACNC recognises that people with disabilities have unique needs, and face

barriers to participation in normal sporting activities. The purpose of promoting sport and recreation was seen merely as a means of achieving the organisation's charitable purpose of providing care and support to young people with disabilities. The organisation's objects and activities were therefore accepted as advancing the charitable purpose of social or public welfare.

The charity operators were delighted when we called them to notify them that they had successfully been registered as a charity.



Registration process

In order to determine an applicant's eligibility to register as a charity we consider their objects and activities together with their governing documents, and other information collected in the registration form. We then assess this information against the requirements of the ACNC Act and Charities Act to determine eligibility for registration as a charity and the appropriate subtype(s) of charity.

Where we do not have sufficient information to enable us to make a decision we may consider other sources of information such as the applicant's website, and make further direct enquiries from the applicant.

Where possible, we work with applicants to ensure that they understand any issues that may prevent them from meeting the registration requirements. In situations where this type of guidance is inappropriate, we aim to increase applicants' understanding of the relevant law so that they can make informed decisions as to the next steps for their organisation.

We regularly update our website guidance to ensure that information meets the needs of applicants. During 2016–17, we added a Commissioner's Interpretation Statement on Public Benevolent Institutions.

Each newly registered charity receives a registration certificate and a Charity Pack that contains useful information to assist those responsible for managing the charity.

CASE STUDY

Helping charities through the process

An organisation applied to the ACNC for charity registration with the subtypes of Advancing Social or Public Welfare and Public Benevolent Institution.

The organisation advised us that they intended to help children living in poverty but were unable to demonstrate that their organisation operated on a not-for-profit basis.

Wherever possible the ACNC seeks to inform organisations about their options. In this case, the organisation was unsure of how to draft the appropriate not-for-profit clauses in their governing documents. As part of guiding the applicant through the process, we provided links to acnc.gov.au where they could access sample draft clauses to consider using.

The organisation subsequently provided us with a copy of their amended governing document and we were able to register them under the requested subtypes.



Registration outcomes

The ACNC received 3,753 applications for charity registration during the 2016–17 year. This includes 400 re-registration applications that were received from double-defaulter charities whose charity status was revoked due to failure to lodge two Annual Information Statements. Collectively this represents a 1.63 per cent decrease on the number of applications received during the previous financial year.

Of the applications received, together with 696 that were on hand from the previous year:

- 2,887 charities were registered or re-registered
- 919 applications were refused or withdrawn
- 643 are in the process of being assessed.

Refusals and withdrawals

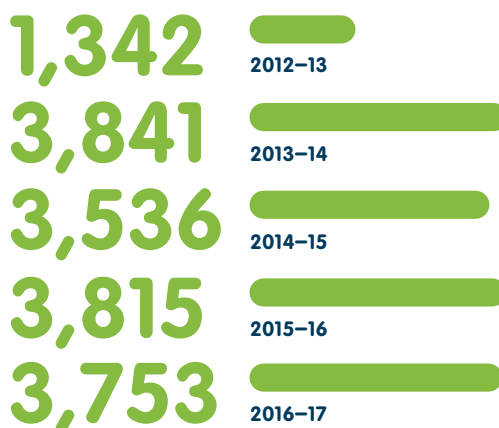
The number of applications that were refused by the ACNC or withdrawn by the applicant remained consistent with the previous year. Organisations with non-charitable purposes often withdrew their applications after we explained how the law applied to its purpose. Others withdrew their applications while they redrafted governing documents or resolved complex issues preventing registration.

The most common reason for refusal, accounting for over 80 per cent of the total, was that the applicant did not provide sufficient information to enable us to determine whether their application met registration requirements. In these situations, we make two attempts to obtain the missing information before refusing an application.

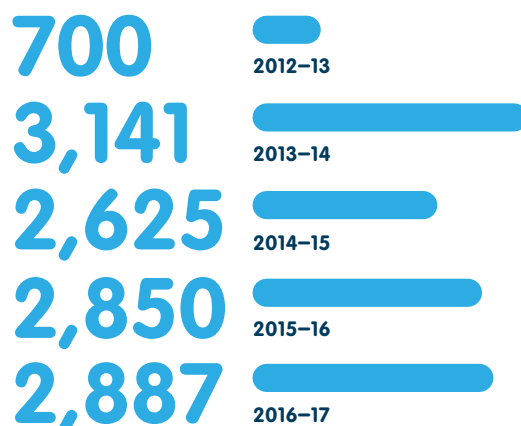
The remaining refusals occurred because the organisation applying for registration did not meet the requirements. These are organisations that:

- have non-charitable purposes (for example, sporting or recreational purposes)
- provide private benefit
- do not meet the not-for-profit requirements.

APPLICATIONS RECEIVED



NEWLY REGISTERED CHARITIES





Other registration application considerations

In 2016–17 we increased our focus on applicants' compliance with the ACNC's Governance Standards. This is particularly relevant to applicants operating, or intending to operate, overseas as they have been identified as particularly vulnerable to the risk of their funds or resources not being used in line with their charitable purposes.

CASE STUDY

Registration and governance

The ACNC received a charity registration application from an organisation that was providing vulnerable children from disadvantaged backgrounds with nutritious food for their school lunchboxes in Australia. They were also sending funds to impoverished areas of the Central African Republic to support the establishment of primary schools. This region has high levels of conflict, violence and serious crime, and is subject to UN Sanctions.

As the organisation is working with vulnerable children in a high-risk overseas jurisdiction we requested further information regarding its procedures and processes for monitoring overseas operations and for ensuring the protection and safety of the children it works with.

The ACNC does not prescribe how charities should operate, but we do require all charities to meet a minimum standard of governance. Charities operating overseas are generally considered to be at higher risk of not meeting the ACNC Governance Standards – activities conducted abroad

are harder to monitor and funds can be more easily misused for purposes that are not charitable.

The applicant explained that all the overseas activities and funds were managed through a partnership agreement with an organisation that was a member of the Australian Council for International Development (ACFID).

ACFID members must comply with the ACFID Code of Conduct, which promotes good practice and sets out more than 50 principles and 150 obligations.

The ACNC accepted that the organisation had appropriate mechanisms in place to demonstrate its compliance with our Governance Standards. In addition, the organisation provided evidence of its child-protection policies and procedures, which were in compliance with the relevant states' child safety standards.

The applicant was therefore successful in meeting all requirements for registration as a charity with the ACNC.

Objections

Under the ACNC Act, a charity or its Responsible Person may object to certain decisions made by us and request that they be internally reviewed (for more information see 'External scrutiny of ACNC decisions' on page 53).

In 2016–17 we received seven review requests, compared with three the previous year. These objections related to our decision to refuse charity registration or to refuse to register a charity with a particular subtype. Of the requests received:

- two of the original decisions were upheld
- three of the original decisions were overturned¹
- two decisions were still in progress at the time of writing.

Cutting red tape via the registration form

As part of the ACNC's commitment to reducing red tape, our registration application form enables applicants to apply for Commonwealth charity tax concessions from the ATO. The ACNC provides this information directly to the ATO after charity registration is complete. The ACNC and ATO have a shared aim of streamlining the application process across both agencies.

We have also worked with other state and territory-based regulators to streamline services. For example, we worked with Consumer and Business Services in South Australia to develop a process by which prospective charities can notify their intention to fundraise in South Australia via the ACNC's registration form. We will incorporate this new feature into an updated registration form in the 2017–18 year.

Withholding information from the ACNC Charity Register

Under the ACNC Act, charities can apply to have information withheld from the ACNC 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.
- 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 harm to the charity or a person.
- The charity was not behaving in bad faith.
- 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 we may refuse to withhold or remove information where we see that the public interest in displaying the information outweighs the likely adverse effect.

Private ancillary funds have additional circumstances under which they can apply to withhold information.²



¹ Decisions were overturned where the applicant provided additional information to clarify their charitable purposes.

² A private ancillary fund can apply to withhold information from the Register if this information is likely to identify an individual donor, or if publishing contact details would create an unreasonable administrative burden for a charity.

Table 3.3: Applications to withhold information from the ACNC Charity Register

	2014–15	2015–16	2016–17
Charities that made withholding applications	1,996	1,028	424
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 requests	6,581	3,364	1,389
Requests allowed	3,316	1,855	807
Requests refused	1,893	1,125	288
Requests withdrawn	777	180	180
Requests currently being processed by the ACNC	581	170	114

CASE STUDY

Withholding information to protect the vulnerable

An animal welfare charity requested to have its contact address withheld from the ACNC Charity Register.

While the organisation's extensive network of volunteer carers looked after the animals in their personal residences, a small office had been donated to the charity to use in managing its affairs. The premises had no animal-caring facilities as this was prohibited by council by-laws.

Members of the public had started to leave sick and vulnerable animals on the doorstep of the office over the weekend when the office was unattended. This caused harm to the animals – they were without care or food for the period the office was unattended.

The charity provided an email address and phone number as an alternate method of contact for members of the public. We agreed to withhold the office address from the ACNC Charity Register.



Voluntary revocations

Every year there are charities that wind up their operations, merge with other charities or, especially if the organisation is very small, simply resolve that they do not wish to retain their ACNC registration. The ACNC is aware that many of the charities that have their registration status revoked by us for failing to submit two Annual Information Statements, have in fact ceased to operate and failed to notify us.

Over the course of 2016–17 we received 1,106 applications for voluntary revocation, with 70 per cent of them attributable to organisations ceasing operation.

External scrutiny of ACNC decisions

As a government agency, most administrative decisions made by the ACNC are subject to merits review, initially internally by the ACNC when ‘an objection’ application is made by the charity effected by the decision. Internal review decisions are known as ‘objection decisions’ under the ACNC Act. Further merits review of objection decisions is available through the Administrative Appeals Tribunal and judicial review of decisions is available through the courts.

During 2016–17 the ACNC was not the subject of a report by any external body.

Administrative Appeals Tribunal review

If a charity or Responsible Person is dissatisfied with the ACNC’s objection decision, they can apply for a review by the Administrative Appeals Tribunal (AAT). An application to the AAT should be made within 60 days of receiving the objection decision. In addition to reviewing objection decisions, the AAT can also review decisions of the ACNC to refuse to accept a late objection application from a charity or Responsible Person.

During 2016–17 one appeal to the AAT was heard; at the time of writing the decision was pending. No new applications were made to the AAT during the financial year.

Court appeal

If a charity or its Responsible Person is dissatisfied with an AAT decision, they can apply for further review by the Federal Court on questions of law.

A charity or its Responsible Person can also appeal objection decisions directly to a court on questions of law and should do so within 60 days of receiving the objection decision.

Freedom of information

In 2016–17, we received 14 requests for documents under the *Freedom of Information Act 1982* (Cth) (FOI Act). Ten of these were finalised, with the following outcomes:

FOI OUTCOMES

2 FULL ACCESS PROVIDED

4 REFUSED ACCESS TO DOCUMENTS

4 REQUEST WITHDRAWN BY APPLICANT

Under Part II of the FOI Act, the ACNC is required to publish information as part of the Information Publication Scheme (IPS). Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. The ACNC has an IPS page available at acnc.gov.au.

Wherever possible, the ACNC makes 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 documents 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 5108

MELBOURNE VIC 3001

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

... wherever possible, the ACNC makes information available to the public outside of the formal FOI process.





Corporate goal 1.3 (cont'd)

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome ii: Our graduated approach to compliance provides charities a chance to address concerns while dealing with cases of serious misconduct quickly and firmly				
Compliance processes complaints according to the agreed service standards published on the ACNC website	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 176	●	Compliance completed 64% of investigations within six months. As described on p. 36 a number of factors led to the ACNC not meeting this service standard. However, overall, the Compliance team managed more concerns than ever before (18% more than the previous year) and significantly increased its outcomes.	p.36
The ACNC publishes all compliance related policy statements and operational procedures on its website	<i>Corporate Plan 2016–17</i>	●	In 2016–17, we continued to update our compliance policies and operational procedures. See our regulatory approach at acnc.gov.au/regulatoryapproach . The ACNC published a report outlining compliance outcomes during 2015–16 in March 2017. It is outlined below and can be found at acnc.gov.au/ComplianceReport .	p.61
An independent audit of the ACNC Compliance function is completed	<i>Corporate Plan 2016–17</i>	●	The independent audit of the ACNC Compliance function was completed in April 2016. The recommendations from the audit have been accepted and were implemented throughout 2016–17.	N/A



Our regulatory approach

The ACNC uses a risk-based approach to allocate its compliance resources when addressing concerns about charities. We use our powers in a way that reflects both the risks and the evidence before us. In exercising our powers and functions, we adhere to the principles of regulatory necessity, reflecting risk and proportionate regulation.

This means that where charities have made an honest mistake or oversight, we will work with them to correct the error. Much of our work involves providing information, support and guidance to help charities stay on track.

However, if there is evidence of fraud or corruption, or if a charity does not have adequate safeguards in place to protect children or vulnerable adults, we will not hesitate to act.

Concerns about charities

Receiving and investigating concerns about charities is a key component of our work to maintain and enhance public trust and confidence in the sector. Over the five years since establishment, we have received 3,973 concerns about charities.

In total, the ACNC received 1,278 concerns about charities in 2016–17, which represents a 37 per cent increase over the prior year.

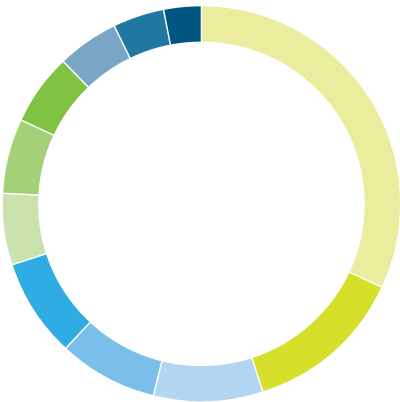
The majority (72 per cent) of the concerns received by the ACNC were either addressed by our Advice Services team through the provision of education and guidance, or were out of our jurisdiction. Where the concern being raised is outside of the ACNC’s jurisdiction – for example, internal disputes or employment issues – we refer the complainant to the relevant regulator or a source of advice.

The remaining 28 per cent were progressed to the Compliance Directorate for assessment.

Compliance action may also be initiated in response to issues identified through the media or through the ACNC’s information holdings, such as Annual Information Statement data.

We work with other government bodies and agencies (international, Commonwealth, state/territory and local governments) to ensure an appropriate whole-of-government approach is taken to compliance and enforcement matters. Through these close working relationships the Compliance team also receives referrals from other government agencies.

Figure 3.2: Source of concerns addressed by the Compliance Directorate 2016–17



Source of concern		2016–17 (%)
Members of the general public (not part of other categories)		32
Responsible Persons		13
Media		9
Charity (self-report)		8
Identified by the ACNC		8
Funding providers/donors/volunteers		6
Anonymous		6
Other Government agency referral		6
Employees (current or past)		5
Charity beneficiaries		4
Other		3



CASE STUDY

Poor governance practices compromise charity's future

The ACNC initiated an investigation into a large charity that provides humanitarian aid and relief in a country considered to be high-risk for extremism and terrorism financing. We wanted to ensure funds being sent overseas to such areas were being used for the specified charitable purposes and were not vulnerable to misuse – including the potential to finance terrorism.

We focused on the charity's activities, financial controls and governance practices, which included looking at the due diligence undertaken by the charity in its engagement of staff or while working with partners. We also investigated the ways in which the charity monitored its programs and partners.

The ACNC found significant deficiencies in the charity's governance. With the exception of its constitution the charity had no formalised or documented policies or procedures, which had resulted in poor governance practices.

We also found that the charity had not kept appropriate records of its activities and had inadequate financial controls in place. Its Responsible Person had not exercised sufficient due diligence in relation to the engagement and ongoing monitoring of partners it worked with in overseas locations.

While the charity made some efforts to improve its systems and processes, it was not able to satisfy us that it was complying with its purpose and its character as a not-for-profit entity. In addition, it was unable to demonstrate that its Responsible Person was complying with their duties, including the duty to ensure that the charity's financial affairs are managed in a responsible manner.

Ultimately, the charity's registration was revoked.

Lessons for other charities

1. Charities must ensure that their funds and assets are properly monitored, secure and only used for charitable purposes.
2. Charities must have effective policies and processes in place, including strong financial controls, and exercise a high degree of due diligence and ongoing monitoring in relation to its overseas partners, staff, volunteers and contractors.
3. Charities must ensure that they undertake proper due diligence in respect to all partners, including checking they do not appear on sanction lists.



Addressing concerns

In 2016–17, the ACNC managed 249 concerns of non-compliance associated with 212 registered charities. The charities subject to compliance cases controlled \$5.1 billion of charitable assets.

Our response is proportionate to the severity of the non-compliance, and in 75 per cent of cases this year we found the non-compliant conduct in question was unintentional or that poor governance had left the charity vulnerable to misuse. In these cases, we provided regulatory advice, self-audit checklists and undertakings to explain non-compliance, and assisted charities in implementing corrective measures to return to compliance and protect themselves from potential abuse.

The remaining 25 per cent of cases identified serious non-compliance and resulted in revocation.

For the first time, in 2016–17 we issued financial penalties for the failure to lodge Annual Information Statements. On-time and accurate Annual Information Statements are vital to the integrity of the ACNC Charity Register, and charities have now had several years to familiarise themselves with reporting requirements.

This year we issued 256 charities with ‘final warning’ letters. This prompted 58 per cent of them to immediately lodge their Annual Information Statement or (if they were no longer operating) resolve their status.

This increased reporting on the ACNC Charity Register by more than \$2.07 billion in assets.

The 92 charities that did not submit their outstanding Annual Information Statements – which had total combined assets in excess of \$143.2 million – were each issued penalty notices up to the maximum value of \$4,500. Seventy-eight of these charities have subsequently lodged their Annual Information Statement.

2016–17 COMPLIANCE ACTIVITIES



66

INVESTIGATIONS
WERE FINALISED



22

CHARITIES HAD THEIR
REGISTRATION REVOKED
FOLLOWING INVESTIGATIONS



1

CHARITY ENTERED INTO AN
ENFORCEABLE UNDERTAKING



5

CHARITIES ENTERED INTO
COMPLIANCE AGREEMENTS



57

NOTICES SERVED UNDER
SECTION 70-5 OF THE ACNC
ACT TO OBTAIN INFORMATION
AND DOCUMENTS



40

CHARITIES RECEIVED
REGULATORY ADVICE



1

CHARITY HAD THEIR
REGISTRATION REVOKED
FOLLOWING A REGISTRATION
REVIEW OF ENTITLEMENT



92

CHARITIES WERE ISSUED
WITH PENALTY NOTICES

\$5.1b

CHARITIES SUBJECT TO
COMPLIANCE CASES
CONTROLLED \$5.1 BILLION
OF CHARITABLE ASSETS

Information-gathering powers

While most charities provide information voluntarily during compliance investigations, the ACNC will use formal information-gathering powers when necessary. In 2016–17, we issued 57 formal section 70-5 information-gathering notices. Of those, 48 were issued to charities and Responsible Persons, and nine were issued to third parties.

Working across government

We work closely with other government agencies to share information and determine who is best placed to act, so charities don't need to field enquiries from multiple government regulators. We received 32 referrals from other government agencies and made 48 referrals to other government agencies where we considered the matter may have also fallen within their jurisdiction. More information is available in Appendix B.

AFIC enforceable undertaking

In August 2016, the ACNC entered into an enforceable undertaking with the Australian Federation of Islamic Councils (AFIC). The ACNC has an ongoing investigation into the activities and operations of AFIC, which is also known as Muslims Australia. The enforceable undertaking set out a series of actions that AFIC had to take to maintain registration as a charity.

In March 2017 court proceedings commenced in the Supreme Court of NSW following an internal dispute within the charity as to which individuals formed its governing body.

The ACNC had concerns that AFIC may not comply with the terms of the enforceable undertaking and sought to intervene as *amicus curiae* ('friend of the court') in court proceedings commenced by AFIC.

Justice McDougall observed the enforceable undertaking required AFIC to engage an independent auditor to examine the charity's governance and record keeping practices and produce a report with key recommendations. Justice McDougall considered the existence of the enforceable undertaking to be a 'very important matter' to the hearing.

The Court made a number of interim orders including prohibiting the then president of the charity from employing or engaging any other persons as an employee, agent, contractor or subcontractor (other than an auditor for the purposes of complying with the terms of the enforceable undertaking).

Following an election, a new board of Responsible Persons for AFIC was elected and the Court lifted the injunctive order. The ACNC withdrew from the proceedings and noted that it is prepared to appear again if the matter reignites and the court believe this would be of assistance.

The ACNC has worked closely with the new board, and entered into a second enforceable undertaking on 14 July 2017 to ensure the significant outstanding compliance issues identified by the ACNC during its investigation are addressed.

Political advocacy

The ACNC released guidance on political advocacy in April 2016. In the period leading up to, during and following the federal election in July 2016, the ACNC received an increased number of concerns regarding political advocacy.

From 1 July 2016 to 30 June 2017 we received 22 concerns relating to 17 charities about political advocacy. The concerns related to whether they were operating with a disqualifying purpose, which is one that promotes or opposes a political party or candidate for office, or which is unlawful or contrary to public policy.

Originating from various sectors of the community, the concerns linked charities to a range of political parties and activities. The charities' subtypes were variously the protection of animals and the environment, advancing religion, education, and health and employment.

Six were investigated for potentially having a disqualifying purpose and of these:

- one charity had its registration revoked
- two entered into a compliance agreement
- two others were provided with regulatory guidance.

You can read our guidance on political advocacy at [acnc.gov.au/politicaladvocacy](https://www.acnc.gov.au/politicaladvocacy).





Terrorism financing and money laundering

Identifying and reducing terrorism risks continues to be a priority for the ACNC. This includes focusing on charities that promote extremism, support terrorism (financially or otherwise) or have connections to a listed terrorist organisation or a person of concern. We work closely with relevant law enforcement and intelligence agencies in order to proactively identify potential areas of risk within Australia's charity sector.

... the most comprehensive analysis of Australian government intelligence holdings and data sets in relation to Australia's not-for-profit sector.

In 2016–17, the ACNC partnered with the Australian Transaction Reports and Analysis Centre (AUSTRAC), in collaboration with the ATO and the Australian Criminal Intelligence Commission (ACIC), to conduct a national risk assessment identifying the potential for money laundering and terrorism financing in Australia's not-for-profit sector.

The assessment is the most comprehensive analysis of Australian government intelligence holdings and data sets in relation to Australia's not-for-profit sector. The report, *Australia's Non-profit Organisation Sector: Money laundering and terrorism financing risk assessment*, was released on 28 August 2017 by the Minister for Justice and Minister Assisting the Prime Minister for Counter Terrorism, the Hon. Michael Keenan MP, and the Assistant Minister to the Treasurer, the Hon. Michael Sukkar MP.

Following the release of the report, we now intend to work with other agencies to create a whole-of-government framework in relation to:

- targeting of future outreach to the sector to assist charities to protect themselves from money laundering and terrorism financing risks
- ensuring supervision and monitoring of the sector is appropriate and risk based
- coordinating information gathering and investigation of those not-for-profit organisations most at risk of misuse.

While the focus of the national assessment is on money laundering and terrorism financing risks, the analysis completed for this project will help the ACNC identify other areas of risk, including abusive tax arrangements or potential harm to beneficiaries.



The Assistant Minister to the Treasurer, the Hon. Michael Sukkar MP and Commissioner Susan Pascoe AM at the launch of *Australia's Non-profit Organisation Sector: Money laundering and terrorism financing risk assessment*.

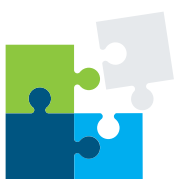


Compliance Report 2015 and 2016

In March 2017, the ACNC released our *Charity Compliance Report 2015 and 2016*. The report outlines the ACNC's compliance enforcement activities over that period, as well as the focus of our compliance work for 2017 to 2019. The report was well received by the sector; in particular, we received positive feedback from charities about insights gleaned from a number of de-identified compliance case studies included.

In the report we identified five areas in which we will focus our compliance resources during the period 2017 to 2019. These are illustrated in Figure 3.3 below.

Figure 3.3: Compliance focus for 2017–2019



The nature of the concern

This includes considering whether it may involve fraud and/or criminal activity and whether there may be harm to beneficiaries.



Harm to the sector as a whole

This includes considering whether public funds (such as government grants and public donations) are involved.



Persistence

This includes considering whether the concern relates to an isolated incident or conduct that has persisted over a long period; we also consider whether the charity has a history of non-compliance.



Other factors specific to the concern

For example, whether the matter is time-bound and whether it represents a new or emerging issue.



Other factors specific to the charity

For example, whether the charity is closely controlled and the extent of oversight by other regulators.



Corporate goal 1.4

To ensure the ACNC is recognised as the national regulator of charities and a credible source of charity information

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: The ACNC is recognised as an effective regulator and a point of expert knowledge on charities				
Usage of the ACNC website increases by 50%	Corporate Plan 2016–17	●	<p>Website usage increased this year by 20%.</p> <p>We will continue to increase website use by making ongoing improvements to the site and increasing public awareness of the ACNC Charity Register.</p>	p. 63
Social media engagement increases by 50%	Corporate Plan 2016–17	●	<p>We have increased our followings on Twitter by 21%; LinkedIn 22% and Facebook 49%.</p> <p>In June 2016, we implemented a new social media tool that will allow us to better manage our accounts and increase our outputs. This will assist us to increase our social media engagement in 2017–18.</p>	p. 63
ACNC is sought out as an authoritative voice on issues arising in the charitable sector	Corporate Plan 2016–17	●	<p>We responded to over 300 media enquiries during 2016–17 and ran 52 sector events. We continue to be sought-after presenters; in 2016–17 we spoke at 76 events. In addition, we participated in 253 stakeholder meetings on various issues in the charity sector.</p>	p. 63
ACNC media releases are published in national, state and local media	Corporate Plan 2016–17	●	<p>We distributed 104 media releases, resulting in 4,805 media items across Australia.</p>	p. 63



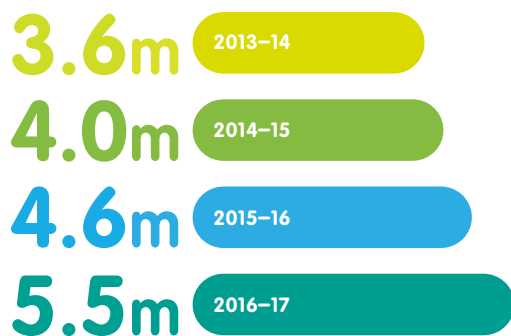
An engaging and authoritative regulatory voice

Our website

As the ACNC's core communication channel, acnc.gov.au is a dynamic repository of information and resources, set up to cater for our diverse stakeholders. Those wishing to apply for charity registration can do so on our website, while already registered charities can access quality guidance and educational materials. The Charity Portal is accessed via our website, as is the ACNC Charity Register, for members of the public seeking information about charities so they can donate or volunteer with confidence.

Over the past five years, the sector has become increasingly familiar with their regulatory obligations – and the corresponding services and tools we offer, most of which are accessed from the website. These factors, together with the increased awareness of the ACNC, and our digital-by-default approach to communication and education, have contributed to 53 per cent overall growth in the website's usage since 2013–14. This year, the number of views grew from 4.6 million to 5.5 million.

WEBSITE GROWTH YEAR ON YEAR



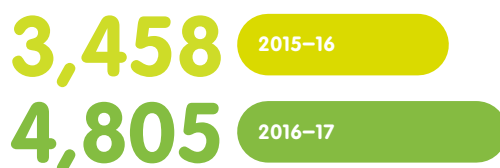
There was also an increase in the number of views of listings of individual registered charities on the ACNC Charity Register. Records of registered charities were accessed 1.14 million times in 2016–17. This is an increase of 67 per cent over the previous year.

Searches of the ACNC Charity Register also increased. In 2016–17, the Charity Register was searched 755,222 times, a 37 per cent increase on the previous year.

In 2016–17 we commenced a review of the content and design of acnc.gov.au as part of the overarching goal of improving charity reporting. The review runs alongside the migration to a new back-end content management system (CMS), as well as redevelopments of the ACNC Charity Register and Charity Portal.

At the time of writing we were in discovery phase: scoping the project, developing an understanding of the challenges that need to be addressed and surveying the current digital landscape. The project is due to be delivered by June 2018.

MEDIA MENTIONS GROWTH YEAR ON YEAR



Media

We distributed 104 proactive media releases and responded to over 300 media enquiries, which resulted in 4,805 media mentions across the country. That represents growth of 39 per cent and an equivalent advertising value (EAV) of over \$11.5 million.

We received enquiries about the Registered Charity Tick, the *Australian Charities Report 2015* and the ACNC's compliance activities, as well as questions about non-compliant charities, misuse of charity funds, fundraising and the double-defaulter process. There was coverage from mainstream media across multiple channels, including print, radio, online and TV. A feature story about the Registered Charity Tick reached an estimated 950,000 viewers when it aired on *7 News Sydney* and *Adelaide's Today Tonight*.



Social media

Social media is an efficient, accessible means of instant, flexible and reciprocal/responsive communication.

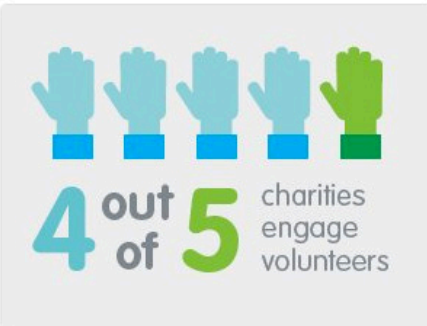
Twitter remains the ACNC's most popular social platform and our following grew 21 per cent (from 7,138 to 8,607) over the year. We averaged 126,000 impressions per month, with our top tweet (celebrating National Volunteers Week) earning us 7,128 impressions.

Our LinkedIn group participants increased by 22 per cent to 5,542 and our Facebook community received 49 per cent more 'likes' than at this time last year (3,759 vs 5,597).



Follow

It's National Volunteer Week! We'd like to thank the 3 million volunteers who donate their time to registered charities. [#NVW2017](#)



6:13 PM - 7 May 2017





Registered charities get a tick of approval

Data has consistently shown that registration with the ACNC brings with it public trust. And what better way for charities to promote their presence on the ACNC Charity Register than with a visual badge of credibility?

In December 2016, we launched the 'Tick of Charity Registration', commonly referred to as the Registered Charity Tick. The Registered Charity Tick provides ACNC-registered charities with a simple, graphical way of promoting their commitment to good governance, transparency and accountability.

By displaying the Registered Charity Tick on its electronic and print media, an organisation informs the public in an instant that it:

- has legitimate charity status
- is registered with an independent government regulator
- is up to date with all of its basic reporting and governance requirements.

The Registered Charity Tick was formally launched at Mission Australia's facility in Surry Hills, Sydney, where ACNC Commissioner Susan Pascoe AM presented Mission Australia's CEO, Catherine Yeomans, with a framed Registered Charity Tick (pictured right).

Catherine acknowledged that displaying the Registered Charity Tick was a way of demonstrating to the public Mission Australia's commitment to transparency.

To support those charities who display the Registered Charity Tick, the ACNC rolled out a comprehensive multi-channel public education campaign about the logo. We also continue to monitor its use to preserve its value to the sector.

More than 10,000 registered charities have downloaded their copy of the Tick, and the numbers continue to grow.



Mission Australia is proud to be a registered charity ... We couldn't achieve such positive outcomes for vulnerable Australians without the community's support.

Catherine Yeomans
– CEO, Mission Australia





Engaging the sector

We remain committed to engaging with our stakeholders and working directly with charities and their representatives. The ACNC team travelled widely this year to talk about what we do, why we do it and how we can help charities understand and meet their regulatory obligations. In 2016–17 we ran 52 sector events and spoke at another 76 events, including international charity regulation events where we represented Australia. In addition, we participated in 253 stakeholder meetings on various issues in the charity sector in every state and territory in Australia.

FACE-TO-FACE STATS

 **52** ACNC EVENTS

 **76**
SPEAKING ENGAGEMENTS

 **253**
STAKEHOLDER MEETINGS

Table 3.4: ACNC events, speaking engagements and stakeholder meetings by location

State/ territory	Location	Number of events 2016–17
ACT	Canberra	49
	Regional	1
NT	Darwin	11
	Regional	1
NSW	Sydney	75
	Regional	6
QLD	Brisbane	21
	Regional	7
SA	Adelaide	10
	Regional	1
TAS	Hobart	12
	Regional	1
VIC	Melbourne	150
	Regional	10
WA	Perth	19
	Regional	2
Overseas		5
Total		381



Ask ACNC

The 'Ask ACNC' roadshow visited 29 regional and metropolitan locations in Australia to host two-hour information and question sessions with the charity sector.

In 2016–17 almost 1,900 charity representatives attended these sessions to receive an update on the ACNC's work, contribute to discussions of sector issues and receive guidance on how to meet ACNC obligations. Each session gave charities the chance to hear directly from one of the ACNC Commissioners, and a member of our Reporting Directorate was on hand to provide basic financial training, which included tips on how to avoid the most common Annual Information Statement errors.

In capital cities the events included a presentation from the ATO as well as the state or territory regulator for that region. ATO spokespeople also attended Ask ACNC sessions in Box Hill, Launceston, Parramatta, Tamworth, Wagga Wagga and Wollongong.

Ask ACNC Wagga Wagga was opened by the Minister for Small Business and Federal Member for Riverina, the Hon. Michael McCormack MP.

The success of the events prompted Deputy Prime Minister, the Hon. Barnaby Joyce MP to request an Ask ACNC session for Tamworth. Over 50 representatives from local charities attended that session, which ran on 21 November 2016.

We posted a webinar version of our Ask ACNC presentation to acnc.gov.au in October 2016 for anyone unable to make it to a session in person.

ASK ACNC 2016

87%

**PARTICIPANTS
STRONGLY AGREED
OR AGREED THAT
THE SESSIONS HAD
MET THEIR
EXPECTATION**

76%

**PARTICIPANTS SAID
THAT THEY FELT THEY
COULD BETTER MEET
THEIR OBLIGATIONS AS
A RESULT OF ATTENDING
THE SESSIONS**



Roundtables, meetings and seminars

This year we continued to deliver on the ACNC's commitment to stakeholders, engaging with a cross-section of sector representatives through roundtables, meetings and attendance at seminars and events. Maintaining and strengthening these relationships helps foster and preserve a two-way flow of communication between the ACNC and the sector. Highlights of 2016–17 are touched on below.

Throughout 2016–17, we met with peak bodies and representatives from the more highly regulated sectors – including universities and aged care peak bodies – to discuss red tape reduction initiatives.

In December 2016, the ACNC and AUSTRAC hosted roundtable discussions with the sector in Sydney and Melbourne to seek the sector's view on terrorism financing and money laundering risks in Australia's not-for-profit sector.

... the ACNC and AUSTRAC co-presented the National Risk Assessment of Australia's not-for-profit sector at the Chartered Accountants Australia and New Zealand conferences in Brisbane, Sydney and Melbourne ...

We attended all not for profit-related roundtable sessions held by the Australian Accounting Standards Board (AASB) in this financial year.

In May 2017, we partnered with not-for-profit risk expert Oliver May of Deloitte to present a practical information session for charities operating overseas on how they can protect themselves from terrorism financing and money laundering risks.

The ACNC chaired the quarterly international regulator teleconferences with common-law countries including England and Wales, Scotland, Northern Ireland, the United States, New Zealand, Canada and Singapore. The objectives of the teleconferences are to share observations about the international charity regulation environment and share 'best practice' for regulating charities.

The Director of Compliance attended an international meeting in London in September 2016, examining the fourth round of mutual evaluations of the Financial Actions Taskforce (FATF), an international consortium dedicated to countering terrorism financing and money laundering. The trip also allowed her to spend time with the Charity Commission of England and Wales and the UK Fundraising Regulator.

In June 2017, we commenced a series of roundtable events for representatives from faith-based charities to discuss issues and challenges facing religious organisations.

The purpose of these events is to ensure that religious organisations, which make up around 30 per cent of the charity sector in Australia, have a platform to discuss issues particular to their organisations – including the management of registration and obligations, reporting errors, red tape reduction efforts and compliance concerns.

Events were held in Melbourne and Canberra in June 2017 and continued into the 2017–18 period.





Submissions to not-for-profit sector inquiries

In 2016–17, the ACNC made submissions to several government and other inquiries that impacted the not-for-profit sector.

Fundraising Institute of Australia's discussion paper on 'Sustaining donor support for charitable causes through effective sector self-regulation'.

On 29 September 2016, the ACNC provided a submission to a public invitation from the Fundraising Institute of Australia (FIA) to comment on their discussion paper. This submission outlined ACNC's support for the self-regulatory approach taken by the FIA, and our acknowledgement of their influence in improving sector practices. The ACNC welcomed the FIA's review as it offered a timely opportunity to proactively address the changing context of fundraising in Australia to ensure public support remains strong.



Joint Standing Committee on Electoral Matters: Inquiry into all Aspects of the 2016 Federal Election

On 17 October 2016, we provided a submission on the role of the ACNC in regulating charities, the charitable law concerning advocacy and elections, the relevant guidance issued by the ACNC, and the ACNC's experience in the lead-up to the 2016 Federal Election. While a charity can advocate on relevant matters, it cannot have a disqualifying purpose within the meaning of section 11 of the Charities Act. A disqualifying purpose includes 'the purpose of promoting or opposing a political party or a candidate for political office.' We released guidance on appropriate political campaigning and advocacy by registered charities in April 2016.

Australian Consumer Law Review Interim report

On 28 November 2016, we responded to an invitation to comment on the Australian Consumer Law (ACL) Review Interim Report. This was our second submission to the ACL Review, with the first submitted in May 2016 outlining the need for further clarity on how the ACL applies to the not-for-profit sector, and supporting further consultation with the charity and not-for-profit sector on how the ACL regulatory framework applies to them. In our first submission, we had noted that extending the ACL to apply to the not-for-profit sector and the fundraising context could improve trust and confidence for donors, and also potentially reduce the burden of fundraising regulation on charities.

In response to the Interim Report, we reiterated our support for exploring opportunities to use the review of the ACL as a mechanism to reform existing inconsistent and sometimes burdensome state-based fundraising regulation with a modernised framework. We provided evidence on the current cost of fundraising regulation on charities based on the 2015 commissioned report from Deloitte Access Economics on 'Cutting Red Tape' and anecdotal evidence of the concerns many charities have operating in this context. As a minimum, we support the development of further guidance on the ACL, tailored specifically for the not-for-profit sector.

Australian Communications and Media Authority: consultation paper on the automatic sunset of legislative instruments – proposal to remake the Telemarketing and Research Industry Standard 2007

On 28 November 2016, we responded to an invitation from the Australian Communications and Media Authority (ACMA) to comment on their consultation paper. Our submission outlined the ACNC's support for ACMA's proposal to update the Standard to ensure the requirements are clear and do not impose an unnecessary regulatory burden on charities. The ACNC recognised the value of the Telemarketing and Research Industry Standard 2007 in protecting the public by setting expectations for the conduct of fundraisers operating by phone. We noted that the Standard would continue to play a critical role in facilitating public trust and confidence in relation to telemarketing activities by charities and third-party fundraisers.

Parliamentary Joint Committee on Corporations and Financial Services





On 9 February 2017, we accepted an invitation from the Parliamentary Joint Committee on Corporations and Financial Services to make a submission as part of its inquiry into whistleblower protection in the corporate, public and not-for-profit sectors. Our submission focused on the existing protections available and our view on what constitutes 'best practice' for registered charities, and we also canvassed options for the introduction of protections for whistleblowers, or the introduction of requirements for registered charities to make whistleblower policies.

Priority 2: 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.

We aim to realise this by achieving the following three corporate goals:

- 1. to provide tailor-made, timely, accurate and accessible education and advice services to ensure charities understand their legal and regulatory obligations, and can comply
- 2. to analyse and report on charity data to demonstrate the contribution of the sector to the Australian community and identify sector trends
- 3. to develop technology-driven services that support the Commonwealth Government's digital agenda and make it easier for people to transact with the ACNC.

Result	Colour	Description
Met		Target met or exceeded
Substantially met		Targets mostly met
Partially met		Some targets were met and issues managed
Not met		No or minimal progress made against target





Corporate goal 2.1

To provide tailor-made, timely, accurate and accessible education and advice services to ensure charities understand their legal and regulatory obligations and can comply

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: The ACNC advice services, education and guidance materials meet charities' needs and are delivered 'just in time'				
Stakeholders are engaged in identifying and designing their support service needs	<i>Corporate Plan 2016–17</i>	●	<p>We consulted on the 2017 Annual Information Statement to gauge the sector's views on reporting requirements including proposed changes. We took account of this feedback when we developed the 2017 Annual Information Statement.</p> <p>We also engaged in user testing with our guidance, asking charities who had previously contacted us to request support in filling in their Annual Information Statement to review the guidance to ensure that it was tailored, accurate and easy to understand.</p>	p. 75
Education materials are developed in response to issues identified through stakeholder engagement and information gathered through the registration process, advice service and compliance activities	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 176	●	<p>In response to an identified need among charities, we published guidance on the following:</p> <ul style="list-style-type: none"> • working with fundraising agencies and engaging people in vulnerable circumstances when fundraising. • helping charities understand fundraising regulations in Australia • responsible use of people's information and data. <p>We also produced a series of 'how to' videos explaining how people can meet charities' regulatory obligations using the ACNC Charity Portal.</p> <p>We broadcast 13 webinars addressing a range of topics designed to help charities understand their obligations and know how to remain compliant.</p>	p. 75



Performance criterion	Criterion source	Result	Analysis of result	More information
Staff training incorporates sessions on current and upcoming sector issues	<i>Corporate Plan 2016–17</i>	●	Advice Services ran nine Learning and Development days during the financial year. These regularly included guest speakers from within the sector to better understand the risks, challenges, and issues facing the sector.	p. 77
Enquiries are responded to within the agreed service standards published on the ACNC website	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 176	●	On average, calls were answered within 62 seconds. We answered 78% of calls within two minutes across the year including the peak Annual Information Statement submission periods. While we were slightly below our 80% service target, the Advice Services team achieved this result with 2.5 fewer FTE positions than in 2015–16.	p. 73
Advice Services quality assurance reviews of advice provided by staff meet a 75% or higher rating. The rating reviews accuracy, timeliness, responsiveness and integrity	<i>Corporate Plan 2016–17</i>	●	Advice Services performed quality audits on its staff six times throughout the year. This included a technical manager listening to calls, reviewing correspondence and reviewing the allocations of each staff member. The team was successful in achieving an average rating of 4/5 (80%) across the financial year.	p. 74

Here to help

The ACNC's Advice Services team provides useful, tailored and timely help to thousands of people every year.

In 2016–17, callers only had to wait, on average, 62 seconds to speak to one of our helpful staff. We answered over 36,000 calls and responded to more than 26,186 emails and letters.

Top 4 customer enquiry topics 2016–17

1. matters relating to the Annual Information Statement
2. requests for assistance with online services such as the Charity Portal and acnc.gov.au
3. matters of charity law – for example, 'what is a charity?' and 'how can I start a charity?'
4. the double-defaulter process.

Corporate goal 2.1 (cont'd)

Performance criterion	Criterion source	Result	Analysis of result	More information
Targeted guidance is developed to meet the needs of identified target groups (e.g. those with a particular legal structure or size, charities from a specific sub-sector, or charities not complying with a specific obligation)	Corporate Plan 2016–17 2016–17 PBS Program 1.4, page 176	●	<p>The following targeted guidance was developed:</p> <ul style="list-style-type: none"> • advice for charities that made errors in their Annual Information Statements • advice for Parents & Citizens Associations explaining their relationship to the ACNC and their obligations as charities • a fact sheet for the national Men’s Shed Association to address the misunderstanding about the charity subtypes Health Promotion Charity and Public Benevolent Institution • a hub of information about fundraising regulation to address confusion in the sector about the legal requirements underpinning fundraising activities and the government oversight of these activities. <p>We also broadcast a webinar targeted to newly elected charity board members outlining the responsibilities of the board and obligations to the ACNC.</p>	p. 75
ACNC establishes signposting and referral pathways to enhance charities’ governance capacity and address issues as they arise	Corporate Plan 2016–17	●	<p>When a charity contacts us, for example by phone, email or via a webinar, we will refer them to further guidance including external resources.</p>	p. 75



Guidance and education

Each year we find new, innovative ways to deliver information designed to assist charities understand and fulfill their regulatory obligations. In 2016–17, we hosted webinars, published a wealth of new guides on relevant issues, introduced a podcast program and published a new CIS.

Webinars

Tailor made for organisations in the charity and wider not-for-profit sector, our webinar program provides information and guidance to help them operate effectively, avoid pitfalls or comply with legal, reporting or other requirements. We produce a new webinar each month – they are free, interactive and accessible, and designed to be relevant to our audience. Attendance rates of our webinars have more than doubled in 2017, with an average of 140 registrants per webinar.

Over the year we broadcasted 13 webinars focusing on a range of topics, including: how to meet the ACNC's Governance Standards; starting out on a charity board; basic financial training; how to complete the 2016 Annual Information Statement; and practical tips for running a charity.

We also covered Parents & Citizens Associations' obligations to the ACNC and what they need to do to remain compliant, and took an in-depth look at the findings and data from the *Australian Charities Report 2015*. Participants can access past webinars and sign up for future webinars at acnc.gov.au/webinars.

ACNC Charity Chat podcast

We launched our podcast program late in the financial year, as a more casual forum dedicated to the discussion of all things charity-related. We produced two episodes in the financial year – the first focusing on the origins of charity, what it takes to be a charity today, and the difference between charities and not for profits.

Commissioner Susan Pascoe AM featured in a subsequent episode, where she talked about the size and significance of the charity sector, the types of organisations which comprise it, and the generosity of the Australian public.



We plan on producing one to two podcasts per month in the next financial year.

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

Fundraising information hub

Over the five-year history of the ACNC, we have continued to refine our understanding of the complex issues faced by charities, creating targeted guidance in response to feedback from our Advice Services and Compliance teams, and key stakeholders such as charities themselves. In 2016–17 we produced several pieces of guidance to help charities.

To help charities understand their obligations and avoid the pitfalls associated with fundraising, we created a dedicated fundraising information hub on acnc.gov.au. We populated it with content including state-specific regulations; personal information/data management; protecting people in vulnerable circumstances; crowdfunding; protecting your charity from the risk of terrorism funding; and working with fundraising agencies.

We also produced content explaining the importance of charities having financial reserves; information for dealing with the concern that there are too many charities in Australia; and advice for dealing with the issue of charity administration costs.

In light of the ACNC's regulatory approach focusing on guidance and education, we published content to assist charities in getting back on track in the event they encounter any non-compliance stumbling blocks.

'How to' video guides

Short videos are a great way to show people how to manage required tasks such as using the Charity Portal. This year we covered:

- Changing Responsible Persons
- Changing the Address For Service
- Changing charity subtype
- How to log in to the Charity Portal
- How to change the Charity Portal password
- How to download the Registered Charity Tick
- How to complete sections of the 2016 Annual Information Statement.

To watch these videos, visit acnc.gov.au/multimedia.

Commissioner's Interpretation Statements

Commissioner's Interpretation Statements set out how the ACNC interprets and applies the law relating to charities. ACNC staff are bound by Commissioner's Interpretation Statements 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. Commissioner's Interpretation Statements are particularly useful for ACNC registration staff and registration applicants.

The ACNC consults widely prior to publishing a Commissioner's Interpretation Statement, and provides drafts for public comment. Particular groups such as ACNC Advisory Board, the Professional User Group and the Sector User Group, as well as experts in the relevant area, are specifically asked to comment. Their feedback is taken into account in finalising the Commissioner's Interpretation Statement for publication.

As noted on page 13, this year we published a *Commissioner's Interpretation Statement on Public Benevolent Institutions*. This statement set out the ACNC's interpretation of the meaning and scope of this charity subtype and provided examples to illustrate how the Commissioner's Interpretation Statement would be applied in practice.

Publications



Fundraising: people in vulnerable circumstances



Charity reserves: financial stability and sustainability



Are there too many charities in Australia?



Working with fundraising agencies



Managing people's information & data



FAQs: charities and administration costs

Fact sheets



State and territory regulation of fundraising



Address For Service



Men's Sheds



Parents & Citizens Associations and ACNC registration

Multimedia



13 webinars



12 'how to' videos

To access this guidance and other useful tools, visit acnc.gov.au/publications.

Maintaining high-quality service

Every year, Advice Services performs quality audits on all advice staff a minimum of six times. This involves the technical manager reviewing the calls and correspondence of each staff member. The technical manager rates each person's performance on a scale of 1 to 5 on integrity, correctness and consistency, timeliness and efficiency, and responsiveness.

In 2016–17, the quality assurance process was reviewed and the criteria was refined to more accurately reflect overall quality. The scoring scale was redefined and criteria clarified further. When assessed under the new criteria, our staff averaged a rating of 4 out of 5.

To ensure our customers receive the best possible advice service, in 2016–17 our staff undertook training on:

- changes to the 2017 Annual Information Statement and associated resources and guidance
- public and private ancillary funds guidelines and reporting obligations
- charities and political advocacy
- governance standards and common governance issues identified by the Compliance team
- the ACNC decision-making policy, and our reviews and appeals process
- common challenges for charity boards and board members
- applying behavioural insights during interactions with customers
- changes to ACNC policies, procedures and work instructions.

Behavioural insights and reminders

In an effort to increase the number of on time Annual Information Statement submissions, in 2016–17 we initiated a project to improve how effectively we communicate with charities about their reporting obligations.

Incorporating the principles of behavioural economics, we referenced well-established academic research into heuristics and biases, which affect the way people make decisions, to determine our approach.

We then combined these behavioural insights with elements of design thinking, 'nudging' charity representatives to act in their own self-interest and the interest of their charity, and thereby complying with their obligations to the ACNC.

To test the effectiveness of our behavioural insights, new visual designs and strategic use of language, we incorporated historical controls and randomised control trials into our 2016 Annual Information Statement reminder notifications. We then continuously analysed the results, employing an agile project management approach.

The results of this project will inform the ACNC's future strategies for improving statement submission rates.

Research results

- ✓ Increased number of 2016 Annual Information Statements received by 30 June 2017 by 6,945 (compared to 2015 Annual Information Statements).
- ↑ Increased percentage of 2016 Annual Information Statements submitted by 30 June 2017 to 90 per cent.
- ↑ Increased percentage of 2016 Annual Information Statements submitted by the 1,500 largest charities by 30 June 2017 to 93 per cent (an increase of 7 per cent).
- \$ Used fewer resources (time and cost) to pursue charities that have an overdue 2016 Annual Information Statement.
- 🕒 Improved the timeliness of sector data available on the ACNC Charity Register, data.gov.au and the *Australian Charities Report 2015*, which increased accountability and transparency of the charity sector.

Feedback about the ACNC

Customer feedback is taken seriously at the ACNC. Complaints and compliments from our customers identify gaps and shortfalls in our service delivery, and contribute to our culture of continuous improvement. Our corporate policy 'Complaints and Compliments about the ACNC' and operational procedure 'ACNC Complaints Procedure' define how we process and address feedback and is available on our website.

Compliments and complaints

In 2016–17, the ACNC received 244 compliments, an increase of 67 per cent from the previous year. The positive feedback we received most frequently related to our approach to customer service. Charities reported that they valued receiving prompt, proactive service that helped to resolve current issues and also provided access to resources to assist them in the future.

The ACNC takes great pride in assisting customers to access and use the Charity Portal. This often involves building customers' confidence in using online systems.

'Thank you so much for your amazing and professional support this morning. You went the extra mile!'

In 2016–17 we received 182 complaints. Most negative feedback related to system issues involving our website and Charity Portal.

We understand that customers feel frustrated when technology prevents them from complying with their obligations, so we are continuing to work on improving our system capability and functionality.

'The ACNC staff I have spoken with on the phone have always been very friendly, helpful and non judgemental ... your website is easy to navigate and your communications are clear, colourful and respectful. Thank you again! I hope the ACNC is around for a long time because you have made my job easier.'

We took the following action to address our customers' concerns:

- amended the upcoming Annual Information Statement to include a preview function and print capability, which enables charities to print off a draft to present to their board of directors, prior to submission
- made system upgrades to improve the stability and speed of our online services
- upgraded IT software (refer to page 88 for more information).

We also received negative feedback in response to a number of strategies we implemented to improve charities' reporting compliance – such as improving our reminder notices and applying penalties for late submission. The strategies improved on-time submission rates but did result in a number of complaints from non-compliant charities.

Other complaints

In our previous two annual reports, we noted the complaints we have received from charities regarding inconsistent information on the ACNC Charity Register and ASIC's companies register – MASCOT. In 2015–16, we partnered with ASIC to address the issue.



This work included ASIC publishing a statement on registered charities' listings on MASCOT to alert readers to the fact that they should be searching the ACNC Charity Register instead. We also worked with ASIC to develop a flyer that was sent to all charitable companies on the ACNC Charity Register and the Australian Bankers' Association for distribution/communication through the banking sector. The flyer was jointly branded and provided guidance that the ACNC Charity Register should be used as the primary source of information for charitable companies.

In 2016–17, we continued to receive complaints from charities about this issue, with reports that many banks were still relying on the outdated data on MASCOT. The ACNC works with individual charities to resolve these issues, including provision of a letter from the ACNC that could be presented to institutions. The ACNC Advice team also assist charities with resolving individual issues associated with use of the registers by direct calling institutions presenting difficulties to charities to endeavour to facilitate timely resolution.

Out-of-date information on the ASIC register continues to present challenges and an unnecessary administrative burden for charities. Currently the only way for charities to avoid this issue is to individually maintain their ASIC records, which is not consistent with the policy intent of establishing the ACNC as a one stop shop for charities where they could provide their key information once to the ACNC and it would be shared and digested by other Commonwealth agencies to remove the need for charities to provide the same information to the Commonwealth multiple times. Resolution will require a renewed commitment across Commonwealth agencies to engage with the 'report once, use often' principle that was core in the establishment of the ACNC as a central repository for up-to-date charity information.

Consultation with the sector

In 2013–14, we established two consultative groups: the ACNC Sector User Group and the ACNC Professional User Group.

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

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

Both groups are convened by the ACNC in order to provide information and receive feedback on matters of procedure, policy, strategy, performance, publications and sector interaction. The groups are convened so the ACNC can hear issues directly from the sector and its professional advisers, assess the impact of ACNC regulation on charities, and receive advice on improving its regulation of charities. Typical topics for discussion are stakeholder perceptions of ACNC service provision, including registration, advice, communications, policy and education, reporting and compliance functions. Discussion of the ACNC's regulatory approach (without discussing any particular cases) is also encouraged.

User Group meetings

This year the Professional User Group met three times:

- 15 July 2016
- 4 November 2016
- 17 March 2017.

The Sector User Group met:

- 22 July 2016
- 11 November 2016
- 24 March 2017.



Corporate goal 2.2

To analyse and report on charity data to demonstrate the contribution of the sector to the Australian community and identify sector trends

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: Data about the contribution of Australian charities to the community is available for governments, funding bodies, charities and the public				
ACNC business intelligence tools are developed by IT to support data analysis	<i>Corporate Plan 2016–17</i>	●	<p>The ACNC provided data to support the Centre for Social Impact at the UNSW with the development of the Annual Information Statement 2015 research reports and data cube.</p> <p>The ACNC also added the Annual Information Statement 2015 data set to data.gov.au and updates it weekly.</p> <p>As part of the cloud-hosting project, ACNC will implement business intelligence and visualisation tools via the PowerBI platform. Data catalogue development was completed in August 2017.</p>	p. 82
Analysis of charity Annual Information Statements is completed and published each year	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 176	●	<p>During the year, in conjunction with the Centre for Social Impact at the UNSW, the ACNC released two reports on Annual Information Statement data – the <i>Australian Charities Report 2015</i> and a sub-sector report on <i>Australia's Smallest Charities</i>.</p> <p>A report analysing Australia's Aged Care Charities was published in July 2017.</p> <p>All reports are available to the public at australiancharities.acnc.gov.au.</p>	p. 82

Data collection and analysis

We remain committed to analysing and sharing the data we collect. As a digital-by-default agency, we are able to not only publish charity data on the ACNC Charity Register, but to make it publicly available in bulk form for use by governments, funding bodies, charities and the public. Collectively, the data we publish provides an insight into the diversity, vital contribution and economic significance of Australia's registered charities.

We regularly receive and respond to inquiries about charity data, and have been able to guide many people to use our data resources to bolster their research, media stories or policy papers.

In addition, we maintained the ACNC research network, providing a forum for researchers and academics interested in studying the sector to corroborate with the ACNC. At network teleconferences, attendees received updates about the ACNC's research work and shared information about their projects.





Australian Charities Report 2015

The third annual Australian Charities Report was released on 14 December 2016. The report found that Australians gave \$11.2 billion to charity last year, nearly 2.5 per cent more than the year before. The report also found that Australia's charity sector is huge and appears to be growing, both in terms of its geographic spread, and its share of the Australian economy. The charity sector in Australia has annual income of \$134.5 billion and total assets of more than \$267 billion.

When comparing charities with the rest of the economy, the report found that the total income of the charity sector is equivalent to 8.3 per cent of Australia's GDP.

The report noted that the charity sector is one of our largest employers, accounting for approximately 10 per cent of Australia's total workforce, employing over 1.2 million people. This is in addition to the activities of almost 3 million volunteers.

The report was produced by the ACNC in collaboration with the Centre for Social Impact and the UNSW Social Policy Research Centre.

The full *Australian Charities Report 2015* and interactive data cube can be found at australiancharities.acnc.gov.au.

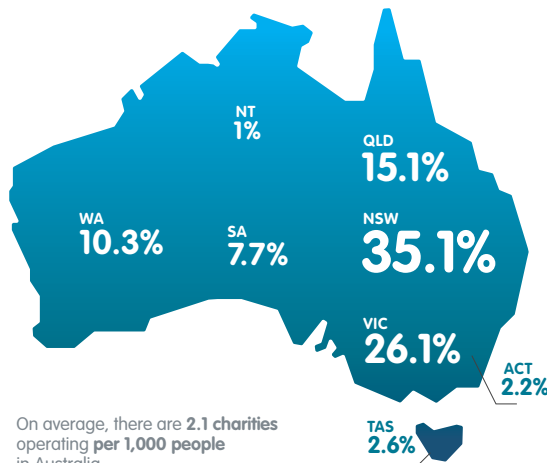


Donations and bequests
grew by **2.4%** to
\$11.2 billion

2.97 million
volunteers



4 out of 5 charities
engage
volunteers



On average, there are **2.1 charities** operating **per 1,000 people** in Australia.

82% operate in one state or territory

67% are based in major cities

13% operate in several states/territories

30% are based in regional areas

5% operate in every state and territory

3% are based in remote or rural areas





Australia's Smallest Charities Report

Australia's smallest charities account for more than a third of the charity sector, according to the report released in May 2017. The report, *Australia's Smallest Charities*, was produced by the ACNC in collaboration with the Centre for Social Impact and the UNSW Social Policy Research Centre. *Australia's Smallest Charities* is a sub-report of the Australian Charities Report, an annual analysis of the data reported by charities of all sizes in their Annual Information Statement.

There are almost 19,000 'extra small' charities; they have an annual income of less than \$50,000. They make a significant contribution to the sector and the wider community. Extra small charities account for 37 per cent of charities in Australia, and they make an important contribution to the local community.

These charities often provide more specialised, locally focused services – and their communities appreciate the hard work and dedication.

The most common main activity for extra small charities is religion, with social services, culture and recreation, and philanthropic activities also being common activities.

Despite undertaking activities to support the general community in Australia, four in five extra small charities engaged no paid staff. More than 430,000 people donated their time to these charities. In total, extra small charities reported a combined income over \$301 million in 2015.

The full *Australia's Smallest Charities Report* can be found australiancharities.acnc.gov.au.

37%

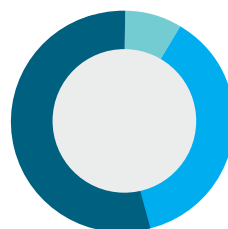
of all charities in Australia are **Extra Small**, with less than **\$50,000** in income

4 in 5

Extra small charities operated with no paid workforce

Extra small charities had combined total income over

\$301 million



- 56% from other income and revenue, including sales, member fees and user pays
- 38% from donations and bequests
- 6% from government grants





Corporate goal 2.3

To develop technology-driven services that support the Government's digital agenda and make it easier for people to transact with the ACNC

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: The ACNCs online services are easy to use and accompanied by clear guidance and support services				
Charities can complete all high volume transactions with the ACNC online	<i>Corporate Plan 2016–17</i>	●	All high volume transactions were able to be completed online. Charities completed 32,995 forms (in addition to the Annual Information Statement) online in 2016–17.	pp. 44–45
The registration application form is reviewed, user tested and implemented and results in a reduction in the need to request additional information from charities before processing an application	<i>Corporate Plan 2016–17</i>	●	A fully updated registration specification has been completed and will be implemented in the 2017 financial year. Minor updates, such as correcting broken links, and improving wording in the form did occur during the year.	pp. 42–43
User survey results indicate customers are satisfied with the completion of the registration form	<i>Corporate Plan 2016–17</i>	●	Results of our registration survey revealed that 94% of our customers were satisfied with the registration process, just below the service standard of 95%.	p. 35
An online, prefilled Annual Information Statement is developed each year with accompanying guidance	<i>Corporate Plan 2016–17</i>	●	The 2016 Annual Information Statement was available to charities in August 2016 with auto-calculation in the financial section and other functional improvements. The development of the 2017 Annual Information Statement was also completed in the 2016–17 financial year with a target to provide the form as early as possibly to charities. The online form was made available to charities via the Charity Portal in July 2017.	p. 87





Performance criterion	Criterion source	Result	Analysis of result	More information
Charities are sent timely reminders about their reporting obligations	<i>Corporate Plan 2016–17</i>	●	We sent over 100,000 reminders to charities about their reporting obligations this financial year. Unless a charity had already submitted, they received at least two reminders before, and one after their Annual Information Statement submission deadline. This year the reminder campaigns were designed using behavioural insights to improve messaging.	pp.77
Charity reporting errors are reduced by 50%	<i>Corporate Plan 2016–17</i>	●	<p>As a result of our data integrity work, we were able to identify common errors that charities were making when completing their 2015 Annual Information Statement.</p> <p>We used this knowledge to improve the 2016 Annual Information Statement.</p> <p>These improvements, which include auto-calculating totals, reduced reporting errors by over 75% compared to the previous financial year.</p>	pp.42–43



Corporate goal 2.3 (cont'd)

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome ii: The ACNC IT systems support customer access and use of a ‘digital-by-default’ customer service framework				
ACNC Charity Register is redesigned, user tested and implemented with improved useability, functionality presentation of data, speed and search function	<i>Corporate Plan 2016–17</i>	●	The ACNC has commenced a dedicated project to re-design the ACNC Charity Register.	p. 88
Annual Information Statement is designed and implemented each year incorporating functional improvements	<i>Corporate Plan 2016–17</i>	●	<p>Auto-calculation was included in the 2016 Annual Information Statement and will lead to significant improvements in data quality. It has decreased the number of financial elements a charity has to enter.</p> <p>Public and private ancillary fund charities were also able to take advantage of streamlined reporting through additional tailored questions within the form, which allows ancillary fund charities to fulfil their reporting obligations with the ATO, via the ACNC.</p>	pp. 44–45



IT enhancements and major projects

Over the past 12 months our IT systems have undergone a series of outward-facing improvements through the development of the 2016 Annual Information Statement and 2017 Annual Information Statement in the same financial year, as well as enhancements to the Charity Portal's functionality.

An internal system transformation has been in train over the past 18 months. This includes a cloud-hosting project with Microsoft Consulting, which will migrate infrastructure to Microsoft Azure, implement Office 365 and roll out a dedicated network of ACNC PCs and laptops using Windows 10.

Capital budget

The ACNC was successful in its bid for additional funds to replace our current business system. The Government committed \$2.979 million from the 2017–18 Federal Budget to the ACNC for a fit-for-purpose IT system.

Digital by default

The 2017 Annual Information Statement online form was developed and ready for production before 30 June.

The 2017 form includes streamlined reporting for those states and territories that have taken steps to harmonise their reporting with the ACNC – Victoria, Tasmania, the Northern Territory, the Australian Capital Territory, Western Australia and South Australia.

New features, such as the ability to upload or include a link to an annual report for an individual year, have also been cascaded throughout the Charity Portal.

The 2017 Annual Information Statement was launched in July 2017.





System upgrade project

The ACNC system upgrade has been initiated and procurement activities are under way. We are engaging vendors to assist us to deliver a stable and scalable suite of business systems that will enable us to provide:

- a Charity Register that is accessible, searchable and responsive, complemented by a stable website that integrates with ACNC's research and publicly available data and social engagement
- an improved Charity Portal experience with dynamic, tailored online forms and the ability to track interactions over time
- an internal customer relationship management system that provides automation, workflow and quality assurance in addition to case management, audit and reporting with business intelligence to support internal operations and decisions.

Cloud-hosting project

The ACNC experienced procurement delays for cloud hosting in the first half of the 2016–17 financial year, ultimately finalising contracts and commencing project delivery in November 2016 and completing it in August 2017.

Key highlights of this project are as follows:

- migration of more than 20 virtual servers to Microsoft's Azure cloud platform
- implementation of Office365 productivity tools, including Skype for Business, SharePoint, PowerBI and eDiscovery
- introduction of an exclusive ACNC network
- discontinuation of ATO-server remote access for ACNC desktop computers
- implementation of a standard operating environment using Windows 10.

To support this new environment, we enlisted a managed-service provider – Data#3 – to support the cloud infrastructure, Office365 and the organisation's desktops, printers and peripherals.

ACNC Charity Register research project

In 2016–17, we commenced a project to determine the current strengths and weaknesses of the ACNC Charity Register. Working with an external research provider, we conducted interviews and focus groups with representatives from registered charities, other government departments and members of the public to determine the desired functionality of the ACNC Charity Register – including clarifying what information should be represented for each registered charity.

... we conducted interviews and focus groups to determine the desired functionality of the ACNC Charity Register ...

The findings from the research project will inform changes to the ACNC Charity Register in the upcoming web redevelopment.



Priority 3: Making it easier for charities by 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.

We aim to realise this by achieving the following five corporate goals:

- 1. to ensure a high take-up of our ‘report once, use often’ mechanism – the Charity Passport – by government departments to drive red tape reduction
- 2. to establish agreements with each state and territory on harmonisation and to streamline regulatory and reporting obligations
- 3. to support the adoption of sector-specific accounting standards to drive regulatory simplification
- 4. to take a leadership role in best-practice charity regulation nationally and internationally
- 5. to simplify and streamline reporting for charities in highly regulated sectors.

Result	Colour	Description
Met	●	Target met or exceeded
Substantially met	●	Targets mostly met
Partially met	●	Some targets were met and issues managed
Not met	●	No or minimal progress made against target

Corporate goal 3.1

To ensure a high take-up of the Charity Passport by government departments to drive red tape reduction


Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: Government agencies requiring information from charities use the Charity Passport to eliminate duplicative reporting				
Agency data is mapped and data models created to enable a Charity Passport road map	Corporate Plan 2016–17	●	We have worked with regulators to map business processes against ACNC-held data in order to identify regulatory reform opportunities and will continue to do so. In 2016–17, this work focused on state and territory regulators, Commonwealth grants, and the highly regulated sectors.	p. 12
MOUs with Commonwealth agencies are developed and implemented	Corporate Plan 2016–17	●	After discussions with TEQSA the MOU was retired in favour of less formal data-sharing arrangements. The ACNC continues to implement MOUs with the ATO, the Australian Business Register (ABR), ASIC and the Office of the Registrar of Indigenous Corporations.	p. 12



Performance criterion	Criterion source	Result	Analysis of result	More information
Duplicative reporting requirements imposed on charities are reduced by 50%	<i>Corporate Plan 2016–17</i>	●	<p>Duplicative reporting requirements have been removed in SA, Tasmania and the ACT.</p> <p>We have active data-sharing arrangements (using the Charity Passport) with these jurisdictions.</p> <p>Transitional reporting arrangements are available to many charities and mean that the ACNC will accept financial reports submitted with state and territory regulators as meeting ACNC requirements for financial periods up to and including the 2016–17 period.</p> <p>The Victorian government passed the <i>Consumer Acts Amendment Act</i> in May 2017, which allows the Minister to exempt certain ACNC-registered charities from reporting directly to Consumer Affairs Victoria. We continue to work with Consumer Affairs Victoria to streamline reporting requirements, and we expect exemptions to be in place by the end of 2017.</p>	pp. 11–12
Government agencies using the Charity Passport increases by 50%	<i>Corporate Plan 2016–17</i>	●	<p>There were 20 government agencies (59 officers) using the Charity Passport as at 30 June 2017. This is a 25% increase since 30 June 2016, and a 186% increase since 30 June 2015.</p> <p>Many state, territory and Commonwealth regulators report that in addition to the Charity Passport they refer to the ACNC Charity Register for quality assurance in their funding decision-making processes. This has resulted in charities receiving fewer requests for information.</p> <p>We will continue to promote the Charity Passport with state, territory and Commonwealth regulators.</p>	pp. 11–12

Corporate goal 3.2

To establish agreements with each state and territory on harmonisation and to streamline regulatory and reporting obligations

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: Regulation of charities is harmonised across Commonwealth, state and territory governments				
<p>Agreements with each state and territory are developed to work towards harmonisation and alignment of:</p> <ul style="list-style-type: none"> incorporated associations legislation fundraising state taxation and charity definition. 	<p><i>Corporate Plan 2016–17</i></p> <p>2016–17 PBS Program 1.4, page 176</p>		<p>Duplicative reporting requirements have been removed in several states and territories.</p> <p>The following charities now report once to the ACNC:</p> <ul style="list-style-type: none"> SA incorporated associations SA fundraisers ACT incorporated associations ACT fundraisers Tasmanian incorporated associations. <p>The ACNC is in discussion with all other jurisdictions to work towards streamlining reporting arrangements.</p>	<p>pp. 92–93</p>

Our collaborative approach to reducing red tape

In 2016–17, the ACNC continued to work with state, territory and Commonwealth governments to reduce red tape, focusing on:

- incorporated association (and cooperative) regulation
- fundraising licensing and regulation
- taxation concessions (including charity definition)
- grants and procurement (Charity Passport).

The ACNC works closely with state and territory representatives to reduce duplicative reporting requirements. Many initiatives are in progress, involving administrative change, Minister or Commissioner discretion or legislative change for transitioning to alignment with the ACNC.

In addition to the reforms discussed above, the following took place in 2016–17:

- The Victorian Parliament passed an Act enabling the Minister of Consumer Affairs to exempt ACNC-registered charities that are incorporated associations in Victoria from reporting to the state regulator.
- The ACT Parliament passed a Bill exempting ACNC-registered charities from state-based incorporated associations and fundraising registration and reporting requirements.
- The ACNC promoted a discussion paper on establishing a common definition of ‘charity’ across all Australian jurisdictions and the potential impact of such a change, particularly on state revenue.
- The ACNC shared data (through the Charity Passport) with 20 government agencies.

State and territory red tape reduction progress

Legal structure

	Report once	Common audit thresholds	Updating addresses once	Waived fee
ASIC companies	✓	✓	✓	✓
ORIC Indigenous corporations	✓	N/A	✓	N/A
Ancillary funds	✓	✓	✓	N/A
TAS incorporated associations	✓	✓	✗	✓
SA incorporated associations	✓	✓	✗	✓
ACT incorporated associations	✓	✓	✓	✓
VIC incorporated associations	In progress	✓	✗	In progress
NT incorporated associations	In progress	In progress	✗	In progress
WA incorporated associations	In progress	✓	✗	In progress
NSW incorporated associations	✗	✗	✗	✗
QLD incorporated associations	✗	✗	✗	✗

Fundraising

	Report once	Common audit thresholds	Exempt from licence
SA	✓	✓	✓*
WA	In progress	In progress	✗
ACT	✓	✓	✓
TAS	✓	✓	✗
VIC	✗	✗	✗
NSW	✗	✗	✗
NT	N/A	N/A	N/A
QLD	✗	✗	✗

* Charities must notify their intention to fundraise in SA, but do not need to apply for a licence



Corporate goal 3.3

To take a leadership role in best-practice charity regulation nationally and internationally

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: The ACNC participates in regulatory communities of practice, publishes articles and undertakes public speaking engagements on charity regulation				
Convene a national compliance community of practice with Commonwealth, state and territory regulators	<i>Corporate Plan 2016–17</i>	●	The ACNC continued to chair a national compliance ‘community of practice’ with jurisdictions across Australia.	p. 97
Participate in the Prime Minister and Cabinet regulators communities of practice for regulation and red tape reduction; and comply with the RPF	<i>Corporate Plan 2016–17</i>	●	<p>We attended the Department of Prime Minister and Cabinet (PM&C) community of practice for Commonwealth regulators.</p> <p>Both ACNC user groups accepted the RPF self-assessment for 2015–16 in November 2016.</p> <p>The 2016–17 self-assessment will be published by the end of December 2017, as per PM&C requirements.</p>	p. 97
Consultation on the adoption of sector-specific accounting standards is undertaken with key stakeholders	<i>Corporate Plan 2016–17</i>	●	<p>Consistent with our legislative objects, the ACNC is committed to financial reporting that promotes transparency and the health of the charity sector, without creating unnecessary regulatory burden.</p> <p>The ACNC Commissioner met regularly with the chairs of the AASB and the Auditing and Assurance Standards Board.</p> <p>ACNC staff attended the AASB roundtables to provide sector-specific input to accounting standard exposure drafts, and submitted a response to the AASB’s ED 277 – Reduced Disclosure Requirements for Tier 2 Entities.</p> <p>We participated in project advisory panels on an invitational basis.</p>	p. 95
<i>... performance criterion continued opposite.</i>				



Performance criterion	Criterion source	Result	Analysis of result	More information
<i>Cont'd ...</i>	<i>Corporate Plan 2016–17</i>		We also established the National Standard Chart of Accounts Advisory Body. The National Standard Chart of Accounts (NSCOA) is a free data entry tool and data dictionary for charities and other not-for-profit organisations. During 2016–17, we undertook an environmental scan to find out more about the use and awareness of the NSCOA. A total of 758 stakeholders including charities, and professionals who work with charities, as well as Commonwealth, state and territory agencies, provided their insights. The results of the environmental scan will be published in 2017–18.	
Publish five articles each year in relevant publications about charity regulation	<i>Corporate Plan 2016–17</i>	●	In 2016–17 we published six feature stories in <i>Governance Directions</i> . Commissioner Susan Pascoe AM contributed a chapter to <i>Regulating Charities: The Inside Story</i> , edited by Myles McGregor-Lowndes and Bob Wyatt. In her chapter, she tells the story of how and why the ACNC was established and the background of its digital-by-default approach.	N/A
Deliver at least 12 speaking engagements each year at relevant professional forums and conferences	<i>Corporate Plan 2016–17</i>	●	In 2016–17 we presented at 76 speaking engagements.	p. 66



Sector-specific accounting standards

Our consultations with key stakeholders to promote the adoption of sector-specific accounting standards continued in 2016–17.

Reduced disclosure requirement proposal

The ACNC made a submission to the Australian Accounting Standards Board's consultative document Exposure Draft 277 – Reduced Disclosure Requirements for Tier 2 Entities, which proposed changes to the current Reduced Disclosure Requirements (RDR) decision-making framework.

The ACNC supports the principles on which the proposed framework is based; namely, that information provided in financial statements meets user needs, and that the benefits of providing the disclosures exceed the costs.

The exposure draft is part of the AASB's larger project that aims to simplify and improve the financial reporting framework in Australia. And, while we acknowledge the AASB's agenda to increase the number of entities who report via General Purpose Financial Statements, we will continue to accept reporting from charities in the form of Special Purpose Financial Statements. This is prescribed in the legislative framework that was set by Parliament when the ACNC was constituted.

Due to the high proportion of charities that prepare Special Purpose Financial Statements, we believe that simplifying the RDR application would be beneficial.

We also support guidance being made available to charities so they can assess for themselves the type of financial statements they prepare.

Measuring NSCOA efficacy

During the year, the ACNC initiated an environmental scan on the National Standard Chart of Accounts (NSCOA). The purpose of this scan was to measure the current use and awareness of NSCOA. Data was primarily collected through surveys, with over 750 responses.

Although the ACNC is finalising the environmental scan, initial indications are that the charity sector supports the NSCOA.

However, the results show that improvements to NSCOA are required. In 2017–18, we will work on updating and improving NSCOA, and will also continue to promote its use.



Deregulation agenda

The ACNC continues to contribute significantly to the Commonwealth Government's regulation reform agenda. We have implemented two key elements of the agenda – the RPF and the costing of regulatory reform.

... the ACNC contributed \$8.19 million in annual deregulation savings for charities, bringing our total contribution to \$33.75 million since January 2014 ...

The Commissioner's decision to accept financial reports submitted to state, territory and Commonwealth regulators in place of ACNC reports for the 2016–17 reporting period achieved considerable savings.

Another significant saving for charities came through the publication of a *Commissioner's Interpretation Statement on Public Benevolent Institutions*, which guides charities and the public on the requirements that a charity must meet to be registered as a Public Benevolent Institution. Other measures included streamlined reporting for ancillary funds, which now report once to the ACNC and no longer need to separately report to the ATO. The online Annual Information Statement and bulk lodgement processes were also improved, with the addition of auto-calculation making submission easier and faster.

Our guidance and education products, which are discussed on page 75, also make it easier for charities to understand and comply with their regulatory obligations.

Review of Registration Directorate

In line with our commitment to continuous improvement, and in keeping with the requirements of the Commonwealth Government's RPF, the ACNC commissioned Deloitte Risk Advisory Pty Ltd to undertake a review of our Registration Directorate. The review was initiated to provide independent assurance of the ACNC Registration function, assess whether it is meeting the principles of the ACNC and confirm that it is operating in a manner that can give confidence to stakeholders and the community. The recommendations from the report will be implemented in the coming months.





Study tour

As the winner of the 2016 Leadership in Government Award, Commissioner Pascoe received \$20,000 prize money, generously provided by Chartered Accountants Australia and New Zealand (CAANZ) to put towards the winner's professional development.

The ACNC Executive operates on a team-based management model, so the funds were shared between the Commissioner, the Assistant Commissioner, Charity Services and the Assistant Commissioner, General Counsel, and allocated to development in specific areas.

Given the imminent review of the ACNC Act in December 2017, the Commissioner used her portion of the funds to investigate how other regulators had approached similarly mandated reviews. She set out to identify how our counterparts in three common law countries prepared for their reviews, to understand the nature of their relationships with reviewers, and to assess the response they had to review recommendations.

Commissioner Pascoe interviewed key personnel from the Australian Public Service Commission, ASIC and the ATO, as well as those involved in the reviews of the Charities Commission of Northern Ireland, the Charities Directorate of the Canadian Revenue Agency, and the Charities Act in the United Kingdom.

Her research revealed that a variety of approaches had been applied on the international front, a parliamentary inquiry in the UK, an expert panel in Northern Ireland and a National Audit Office review in Canada. However there were commonalities across both local and overseas examples.



The Commissioner concluded that in the lead-up to a review agencies should make sure they are thoroughly prepared and anticipate likely data requests; that technical expertise should be embedded in the review model; and that there are clear benefits to be gained from consulting and engaging stakeholders during the process. These insights will inform the way we prepare for the ACNC review.

David Locke, Assistant Commissioner, Charity Services visited Canada and the US to look into their approaches to compliance, including counter-terrorism and anti-money laundering measures.

Murray Baird, Assistant Commissioner, General Counsel will undertake research at a later date.



Corporate goal 3.4

To simplify and streamline reporting for charities in highly regulated sectors

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: Reporting for charities in the highly regulated education, health and disability sectors is simplified and duplication eliminated wherever possible				
Complete an analysis of reporting requirements for highly regulated sectors	<i>Corporate Plan 2016–17</i>	●	<p>We participated in high-level dialogue with key personnel from the higher education, hospital, aged care, non-government school and medical research sub-sectors to gauge levels of concern about the requirement to report to the ACNC.</p> <p>Mapping for medical research institutes was completed in 2017.</p> <p>An analysis of reporting requirements for the aged care sector will continue into 2017–18.</p>	p. 100
Implement streamlined reporting through the Annual Information Statement and data transfer arrangements	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 176	●	<p>Reporting requirements for ancillary funds have been streamlined in the 2016 Annual Information Statement, with the ACNC now collecting information on behalf of the ATO. This means that ancillary funds will no longer need to lodge an annual return with the ATO.</p> <p>The ACNC has previously worked with the Commonwealth Department of Education and Training (DET), using the data lodged by non-government schools through the financial questionnaire to populate the financial elements of the 2014 and 2015 Annual Information Statements. A similar arrangement was adopted for the 2016 Annual Information Statement. From 2016, the DET will also collect audited financial reports on behalf of the ACNC.</p>	p. 100





Reducing regulatory burden on highly regulated sectors

In 2016–17, we continued to work closely with the Commonwealth Department of Education and Training (DET) to implement streamlined reporting arrangements for non-government schools that have charitable status and are registered with the ACNC.

From the 2016 Annual Information Statement, the DET will collect the annual financial report on behalf of the ACNC.

Additionally, schools that take part in transitional reporting arrangements will no longer need to verify the financial information in their Annual Information Statement, which has been based on the financial questionnaire submitted with DET. Instead, an ACNC preview page has been

built into the financial questionnaire, which will allow charities to confirm the financial information that will be pre-populated in the Annual Information Statement.

During 2016–17 we also met with representatives from the highly regulated sectors. The higher education, hospital, aged care and medical research sub-sectors did not report having any significant issues with meeting reporting obligations to the ACNC.

In 2017–18, we will continue to work with these sectors to minimise their regulatory burden. In particular, we will investigate the potential for data sharing with the Department of Health, to reduce duplicative reporting for the aged care sector.





Priority 4: Developing an independent, transparent and well-governed ACNC that is enhanced by a positive internal culture

As an organisation, the ACNC strives to provide an example to charities by being well governed and maintaining a positive internal culture.

We aim to do this by achieving the following three corporate goals:

1. to be a well-governed, transparent organisation
2. to develop and maintain a high-calibre workforce that can effectively deliver the ACNC's strategic priorities
3. to improve IT systems so that they are fit for purpose and support the internal business clients.

Result	Colour	Description
Met	●	Target met or exceeded
Substantially met	●	Targets mostly met
Partially met	●	Some targets were met and issues managed
Not met	●	No or minimal progress made against target

Corporate goal 4.1

To be a well-governed, transparent organisation

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: The ACNC is a best-practice example of a well-governed Commonwealth regulator				
The review of operation of the ACNC Act demonstrates the ACNC is making positive progress towards delivering its objects	<i>Corporate Plan 2016–17</i>	●	During the year we began initial preparation for the five-year review of the ACNC legislation as required by Part 9 of the <i>Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012</i> (Cth). We began our planning, identified relevant issues and allocated resources. The preparation of a submission and compilation of data and other material to assist reviewers has also commenced.	p. 13
The employee census improves each year it is conducted	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 177	●	<p>The 2017 APS Employee Census showed improvement in all key engagement measures:</p> <ul style="list-style-type: none"> • job engagement +0.3% • team engagement +0.5% • supervisor engagement +0.3% • agency engagement +0.4%. <p>The ACNC ranked higher in the employee engagement index than other regulatory agencies and the APS overall.</p>	N/A
The ACNC has a robust, transparent planning cycle that ensures the ACNC's work is aligned with achieving its objects	<i>Corporate Plan 2016–17</i>	●	<p>Directorates are required to develop a business plan that sets out their contribution to achieving the outcomes of the ACNC corporate plan.</p> <p>Monthly and quarterly operational reports monitor progress against the corporate plan, which is reviewed annually.</p>	p. 103
The ACNC is efficient, effective, economical and ethical in its use of Commonwealth resources as governed by the <i>Public Governance Performance and Accountability Act 2013</i> (Cth)	<i>Corporate Plan 2016–17</i>	●	<p>During 2016–17 the ACNC:</p> <ul style="list-style-type: none"> • made progress toward achieving our priorities as set out in this annual performance statement • achieved outcomes within the planned budget for the year • made decisions about the use of public resources using appropriate controls and processes. 	pp. 103–104

Our corporate governance

The Commissioner

The Governor-General appointed Susan Pascoe AM as the inaugural Commissioner of the ACNC for a period of almost five years from 6 December 2012 until 30 September 2017. The ACNC Act (Part 5-2) provides for the establishment of the Commissioner's position, functions and powers, including terms and conditions of appointment.

The Treasury will manage the process for the appointment of the new Commissioner. The position was advertised in June 2017.

Internal governance

The ACNC operates in a dynamic environment, managing its resources to ensure effective and efficient delivery of its priorities within a robust internal control framework. This enables oversight of operations while ensuring the agency can be responsive and flexible enough to deliver quality services to a vibrant customer base.

The ACNC purchases back-office services from the ATO via agreements set out in Memoranda of Understanding (MOUs).

Corporate and operational planning

The ACNC's objectives, functions and powers are set out in the legislation the agency administers, along with explanatory memoranda provided when the agency was established. The ACNC's core activities are to:

- register charities
- provide education, assistance and advice
- manage compliance and enforcement
- effect reduction of unnecessary red tape.

Our corporate priorities and key performance criteria are designed to measure how we perform the core activities that drive the achievement of our legislated objects.

The ACNC has a comprehensive operational planning, monitoring and reporting framework that aligns to the ACNC Corporate Plan and the objectives set out in the ACNC Act. We define our corporate priorities and performance measurements during our annual planning process. The corporate plan then drives the ACNC performance reporting framework.

Risk management and internal audit

The ACNC is not a Commonwealth entity for the purposes of the Commonwealth Resources Management Framework and the PGPA Act. The Commissioner of Taxation is the Accountable Authority for the ACNC. The ACNC Commissioner sets the direction and priorities of the agency and produces an ACNC Corporate Plan and annual performance statement.

The ACNC fosters a positive risk culture. Management of risk is built into business-as-usual practices as an essential component of sound management and good corporate governance. Our Enterprise Risk Management Framework and guidelines were reviewed in 2017 and are based on the Australian/New Zealand International Standard on Risk Management (AS/NZS ISO 31000:2009). They align with the Commonwealth Risk Management Policy.

The ACNC has three key program delivery areas – Compliance, Registration and Advice Services. Each ACNC directorate has quality assurance processes in place and documents its related activities via business reporting obligations. During 2016–17 the ACNC engaged external auditors to review the Registration operational area.



Financial management

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

The ACNC Special Account is administered in accordance with Department of Finance (DoF) guidelines. The ATO assists the ACNC by providing financial and taxation management services under these arrangements via a MOU. On a day to day basis the ACNC manages its own financial affairs within the DoF guidelines and ATO protocols.

The ACNC's 2016–17 budget was \$18.533 million. This consisted of an appropriation of \$14.611 million and an allocation of \$3.922 million of prior years' unspent Special Account funds.

Table 3.5 sets out the ACNC's expenditure for 2016–17 by cost centre, which align to the directorates within the organisation. The ATO prepares annual financial statements in accordance with subsection 43(4) of the Act, which includes the ACNC's financial information.

Compliance reporting

In 2016–17, the ACNC did not have any significant breaches.

Asset management

To ensure financial clarity and transparency, the ACNC has its own appropriation and capital allocation. The ACNC's assets are managed in accordance with the ATO's policies and are collectively reported on within the ATO's financial statements.

Table 3.5: Direct expenditure by cost centre, 2016–17

Cost centre	Salary costs \$'000	Supplier costs \$'000	Total \$'000
Executive and support staff	1,270	213	1,483
ACNC Advisory Board	18	194	212
Registration	2,881	52	2,933
Corporate Services	600	2,245	2,845
Education and Public Affairs	940	428	1,368
Advice Services	1,309	439	1,748
Information Technology	1,160	912	2,072
Reporting and Red-tape Reduction	937	179	1,116
Compliance	1,489	27	1,516
Legal and Policy	780	499	1,279
Total	11,384	5,188	16,572

Purchasing and consultancies

The ACNC makes decisions regarding its budget planning independently of the ATO. The goods and services required to support our operations are purchased using ATO procurement policies and processes, in line with the requirements of the PGPA Act. This includes such costs as consultancies, contractors, travel, information technology, legal and advertising.

During 2016–17, three new consultancy contracts were entered into involving total actual expenditure \$173,050.00. In addition, two ongoing consultancy contracts were active during the period, involving total actual expenditure of \$225,742.02. The main category for consultants was research providers.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the [AusTender website](#). Further details on procurement can be found in the ATO's annual report.

Advertising

The ACNC did not conduct any advertising campaigns during 2016–17.

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 discriminate against small and medium enterprises. We do this by ensuring that procurements are communicated in clear language and presented in an accessible format.

The ACNC also uses electronic systems and corporate credit cards to facilitate timely payment to suppliers, to assist with their cash flow, reducing the cost for business in supplying to the Commonwealth.

Small and medium enterprises participation statistics are available on the DoF's website: finance.gov.au/procurement/statistics-oncommonwealth-purchasing-contracts.

Grants

The ACNC did not award any grants during the 2016–17 year.





Corporate goal 4.2

To develop and maintain a high-calibre workforce that can effectively deliver the ACNC corporate priorities

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: The ACNC has a workforce plan focused on recruiting and retaining high-calibre staff				
Workforce planning is aligned with business and financial planning cycles	<i>Corporate Plan 2016–17</i>	●	The ACNC has effectively managed staff resources to ensure each directorate has the appropriate number of staff with the right skills to collectively contribute to the priorities outlined in the corporate plan.	N/A
The ACNC/ATO MOU supports the delivery of efficient and effective human resources services	<i>Corporate Plan 2016–17</i>	●	The human resources MOU with the ATO was reviewed in 2015–16 and was extended for three years, until 14 December 2018.	p. 104
Critical job role vacancies are identified and filled with job-ready recruits	<i>Corporate Plan 2016–17</i>	●	The ACNC filled 28 ongoing and nine non-ongoing positions in 2016–17.	p. 109
External workforce supply is utilised to meet demand during peak work periods	<i>Corporate Plan 2016–17</i>	●	A small number of labour hire staff were employed to provide temporary support to our Advice Services and Reporting and Red Tape Reduction teams.	p. 109
The ACNC culture is aligned with APS values and Code of Conduct	<i>Corporate Plan 2016–17</i>	●	This year we developed a culture plan, which outlines a number of desired traits and is aligned to both agency and APS Values.	p. 110
A rewards and recognition program has been developed and implemented	<i>Corporate Plan 2016–17</i>	●	The ACNC rewards and recognition program was launched in 2015–16 and is run biannually.	p. 114





Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome ii: The ACNC has a workforce that is well prepared to execute their roles with professional competence				
The ACNC is structured in the most effective and efficient way to deliver its core functions and priorities	<i>Corporate Plan 2016–17</i>	●	A number of minor staffing realignments were implemented to enable efficient and effective delivery of the ACNC's key priorities.	p. 12
A learning and development strategy incorporating the job lifecycle is developed and implemented	<i>Corporate Plan 2016–17</i>	●	Human resources staff work closely with management to ensure relevant learning and development opportunities are planned and provided to staff throughout the year.	N/A
The ACNC has staff with the skills and capabilities to deliver its core functions and priorities	<i>Corporate Plan 2016–17</i>	●	ACNC staff are provided with a comprehensive induction on commencement of employment. In 2016–17 we enrolled staff in 320 learning and development events. This is an increase of 53 places from last year.	p. 112
Staff have performance plans aligned to the ACNC corporate and business plans	<i>Corporate Plan 2016–17</i>	●	The ACNC uses the ATO's Compass system to formalise employee goals for the financial year. Goals are used to articulate expectations of the position and areas of opportunity for development.	N/A



Our people

Our organisation promotes a people-centred culture that models the ACNC and APS values. Our people understand our vision and purposes, and work collaboratively to achieve our corporate priorities.

Located in the Melbourne Docklands area the ACNC is proud to have a diverse workforce of highly motivated, passionate and skilled individuals who actively work to meet our corporate priorities.

Our team is committed to building and maintaining a strong and positive workforce culture that ensures we are an employer of choice that values and recognises our ongoing contribution to the sector.

Our staff is made up of employees who came from the public, not-for-profit and private sectors, bringing a wide range of skills including policy, legal, people, communications, information technology and compliance. This diversity allows us to work within the APS to provide exceptional service to the sector that we regulate.

... our people understand our vision and purposes, and work collaboratively to achieve the ACNC's corporate priorities ...

Table 3.6: Staff – total full-time equivalent

As at	FTE employees
30 June 2014	93.44
30 June 2015	101.76
30 June 2016	94.01
30 June 2017	107.5

Table 3.7: Staff – full-time equivalent by team

Directorate	As at 30 June 2017 FTE employees
Executive & support staff	5.0
Advice & Corporate Services	20.72
Compliance	16.80
Registration	29.22
Information Technology	11.76
Education & Public Affairs	10.0
Reporting & Red Tape Reduction	9.0
Legal & Policy	5.0
Total	107.5

Table 3.8: Staff – head count by employment type

Employee type	30 June 2017 Head count
Statutory appointee	1
Casuals	0
Ongoing full-time	91
Ongoing part-time	9
Long-term/maternity leave	8
Non-ongoing	9
Total	118

Table 3.9: Staff – headcount by APS level and gender

Employee by classification	Female	Male	Total
APS4	12	8	20
APS5	18	4	22
APS6	25	14	39
EL1	14	12	26
EL2.1	5	2	7
EL2.2	1	0	1
SES1	0	2	2
SES2	1	0	1
Total	76	42	118

Table 3.10: Staff – appointments by APS level

Classification	As of 30 June 2017
APS4	7
APS5	7
APS6	10
EL1	10
EL2	3
Total	37

Table 3.11: Staff – reductions by APS level

Classification	As of 30 June 2017
APS4	7
APS5	4
APS6	3
EL1	4
EL2	0
Total	18

Separation and recruitment

The ACNC continues to attract highly skilled and motivated people via a shared service arrangement with the ATO recruitment division.

In 2016–17, our staff retention rate was 85.5 per cent. This was an increase compared to the 2015–16 rate of 68 per cent. This is likely related to the Government decision in March 2016 to remove the ACNC Repeal Bill, which provided our staff with ongoing certainty about their current positions.

In addition, the lifting of the recruitment restrictions across the APS continues to provide the ACNC with opportunity to fill ongoing vacancies.

We continue to engage passionate employees who are committed to our work and we filled 28 ongoing and nine non-ongoing positions in the past year.



ACNC Culture Plan

This year we developed the ACNC Culture Plan 2017–18, which defines our desired culture and the ways we will achieve it.

Our culture exemplifies our values and aspirations, and our dedication to achieving the objects of the ACNC Act.

We used feedback from staff and stakeholders to design four key cultural traits (illustrated below) that are vital to enhancing the client and staff ACNC experience. These traits are aligned to and build on the APS values of impartiality, commitment to service, accountability, respectfulness and ethics.

While these values remain as the foundation for the way we work and interact, the ACNC's traits identify our desired culture, and illustrate

what we will do to deliver on our vision. They are a clear and unambiguous statements of our cultural intent and what we each need to work towards and strive to live every day.

... our culture exemplifies our values and aspirations, and our dedication to achieving the objects of the ACNC Act ...

Our culture plan is available at acnc.gov.au.

ACNC Culture Plan

2017-18

ACNC's Culture Vision:
To promote a people-centred culture that models the ACNC values, understands the vision and purposes, and works collaboratively to achieve corporate priorities.

Guiding Principle:
Sustaining an independent, transparent and well-governed agency with a positive culture and strong customer service ethos.

We will:

- Have a positive workplace attitude, and recognise each others triumphs and accomplishments
- Tell it as it is - with honesty, empathy and respect - and we will hear it as it is and endeavour to understand
- Maximise performance through meaningful conversations and feedback
- Create an open, inviting and transparent workplace that celebrates diversity
- Commit to our wellbeing through role modelling a healthy work-life balance
- Have an integrated approach to training, performance feedback and professional development

We commit to fostering and maintaining a positive workplace and to our ongoing learning and professional development

We will:

- Have a clear understanding of the ACNC's aims, with a commitment towards achieving them
- Understand how our work contributes to the bigger picture, and consider its impacts the whole of ACNC
- Learn from each other and our mistakes
- Collaborate without boundaries and use our collective talent to achieve the best outcomes

We work collaboratively to deliver on our mission and our priorities

We will:

- Be a leader in regulatory excellence
- Embrace change and be open to new ideas, individually and as an organisation
- Provide the right tools to get the job done
- Strive to simplify and improve our processes
- Have the freedom to be constantly curious
- Encourage new ideas and the permission to fail forwards

We have a tenacious and thorough approach that drives innovation, creativity and growth for our customers, our colleagues and ourselves

We will:

- Exceed expectations and provide a timely, accurate, tailored and customer focused service
- Be fair, transparent and ethical in our decisions
- Treat people with respect and dignity, empowering them to do the right thing
- Listen to our stakeholders and use feedback to improve our services
- Provide clear and unambiguous guidance about expectations and accountabilities

We believe in the continuous pursuit of excellence in customer service


People Matter

One ACNC

Innovation

Service Excellence

Commissioner's Statement




As the inaugural, national, independent regulator for charities, the ACNC strives to model the behaviours we would like to see in the sector – good governance, honest respectful relations, and transparent administration.

Our culture is reflective of our status as a leader in charity regulation, both in Australia and internationally – it exemplifies our values and aspirations, and our dedication to achieving the objects of the ACNC Act.


Each of us has a role to play in working harmoniously and productively with one another, and providing timely, accessible and useful services to our clients. We aim to support staff to develop their potential, performance and talent and ensure they have the right skills and capabilities to deliver best practice regulatory services.

These traits are aligned to, and build on, the APS values of impartiality, commitment to service, accountability, respectfulness and ethics. While the APS values remain the foundation for the way we work and interact, the ACNC's traits identify our desired culture, and illustrate what we will do to deliver on our vision.

FAIRNESS | ACCOUNTABILITY | INTEGRITY | RESPECT | INDEPENDENCE



Australian Government



Australian Charities and Not-for-profits Commission



Indigenous employment

The ACNC aims to maintain a minimum of two Aboriginal Liaison Officer positions and endeavours to achieve Aboriginal and Torres Strait Islander (ATSI) staffing levels that reflect the proportion of registered charities that are ATSI-controlled (approximately 5 per cent).

As of 30 June, the ACNC has two ongoing staff members who identify as Indigenous Australians. The ACNC also employs one Indigenous staff member via the Evergreen Advancement Program (see below for more information). This equates to 2.74 per cent of our workforce.

Through the delivery of Indigenous cultural awareness training and the provision of the Aboriginal and Torres Strait Islander Communities Engagement Strategy we have maintained our ability to deliver a tailored service to this community and reinforced our workplace culture that understands and values the contribution of Indigenous Australians. Our Aboriginal and Torres Strait Islander Communities Engagement Strategy is available at acnc.gov.au/ATSIengagementstrategy.

Evergreen Indigenous Advancement Program

The ACNC participates in the ATO's Evergreen Advancement Program as part of an ongoing commitment to increase the representation of Indigenous Australians in its workforce.

The program offers an opportunity to develop professional and technical skills in the APS on a full-time basis, encompassing training and work placement opportunities designed to develop skills and provide a gateway to a dynamic and rewarding career in the APS.

In 2016–17, one Evergreen Indigenous cadet joined the ACNC to complete a nine-month placement within the Advice Services Directorate.

The program enables our staff to learn about the cadet's culture while at the same time allowing the cadet to increase his/her knowledge about the ACNC and its role as a charity regulator. We continue to support and promote the program through our internal and external networks and actively seek participants for placement within the agency.



ACNC diversity

The ACNC strives to be a leader in workplace diversity and inclusion. All ACNC staff embody this commitment, and collectively we are ethical, respectful and supportive.

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

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

We strive to embrace the following four principles in our work every day:

1. ACNC employees are respected and valued
2. the ACNC builds and leverages a diverse and inclusive workplace
3. all employees are able to participate and contribute to their full potential
4. the ACNC strives to be a diversity and inclusion leader within the APS and across the wider community.





ACNC diversity (cont'd)

The ACNC uses and supports the ATO's Diversity and Inclusion Plan 2015–17, which underpins our formal commitment to diversity and inclusion in the workplace. The plan identifies six key priority groups: ATSI people; people with a disability; women; culturally and linguistically diverse people; lesbian, gay, bisexual, trans/transgender and intersex (LGBTI) people; and mature aged people.

We reinforce our commitment to inclusion and diversity by actively encouraging our managers and employees to be vigilant against bullying, harassment or discrimination, and to be confident in their ability to identify and report inappropriate behaviour when they witness it.

Training and development

The ACNC's core capability framework outlines the skills and capabilities that are critical to our success. The framework, which has been modelled to align closely with the Australian Public Service Commission Integrated Leadership System defines the essential capabilities required of all employees, and is a central component of our recruitment and performance systems.

In 2016–17, the ACNC focused on providing staff with a range of targeted internal group training activities with the goal of ongoing skill development and building capabilities.

To supplement these events and in recognition of individual learning needs we also invested in external learning and development activities as required (see box opposite).

We have implemented a High Value Education Program (HVEP), which provides co-contributive funding to employees wishing to undertake formal education.

Accessibility of acnc.gov.au

We aim to make acnc.gov.au as inclusive as possible. As for all Australian Government departments and agencies, we are bound by the *Disability Discrimination Act 1992* to ensure that people with disabilities can access our online information and services.

We make our online resources accessible to people with technical constraints, such as older browsers and lower speed Internet connections.

Our website has been developed to display adequately on all commonly used browsers and is compatible with accessibility hardware and/or software. It also offers scalable screen resolution.

While acnc.gov.au does contain some documents that (for technical and/or legal reasons) cannot be provided in HTML format, we encourage users to get in touch with us via our contact form so we can provide them with alternative non-web formats.

Staff training 2016–17

The ACNC is committed to the ongoing development of its employees through a variety of training, including:

- stakeholder engagement
- cross cultural training
- business and professional writing
- the art and science of interviewing
- change management.

To further enhance the skills of new and experienced management staff, we have invested in manager-specific training, including programs covering:

- managing attendance
- emerging leaders
- supervision and management of people
- leadership skills
- 360 degree assessments/feedback.



Engagement survey

The Australian Public Service Commission has been tracking the views of APS employees about their leadership, their workplace and conditions since 2003. This feedback has been important in identifying the priorities for workforce development across the APS. The results from the survey also form part of the State of the Survey report.

We encourage ACNC staff to participate in the survey, and use the results to identify areas for development and to support key activities that are in line with our corporate priorities.

360-degree feedback

To enable our managers to identify key areas for their development they were required to engage in a 360-degree feedback process.

This is a process designed to solicit information from a variety of workplace sources on an employee's work-related behaviour and/or performance. It involves the collection of feedback from subordinates, peers, external stakeholders where relevant, and direct managers, as well as a self-evaluation.

The idea is to compile a range of upward and downward feedback on the employee's behaviour from diverse points of view.

We employed this approach to improve performance and leadership capacity by setting an agenda for positive change and accelerating individual development.

Feedback and results will form part of participants' Compass goal-setting conversation with their manager.

... this approach improves performance and leadership capacity by setting an agenda for positive change and accelerating individual development ...

Work health and safety

The ACNC has the primary duty of care for the health and safety of its workers and others in the workplace. It is responsible (as far as reasonably practicable) for providing and maintaining a safe work environment and safe systems of work. ACNC employees are covered by the ATO's work health and safety policy, which sets out responsibilities for health and safety in accordance with the *Work Health and Safety Act 2011* (Cth).



Reward and recognition

To build and sustain a high-performance culture focused on continuous improvement we recognise the innovative contributions of individuals and teams.

The ACNC reward and recognition programs are part of the performance review cycle. They are intended to positively influence employees by highlighting exceptional performance, as well as facilitating the professional development of a talented and diverse workforce.

In 2016–17 a number of our key projects won ACNC Commissioner Awards, including:

- the Australian Charities Report and Registered Charity Tick
- the design and improvement of IT systems that have created a better staff and client experience, including the ACNC Staff Portal, SharePoint and Wiki sites
- exceptional technical and management skills.



Executive remuneration

The Commissioner's remuneration is determined by the Remuneration Tribunal. It can be found on the Australian Government Remuneration Tribunal website remtribunal.gov.au. Other ACNC Executive remuneration arrangements adhere to the ATO's Senior Executive Service (SES) guidelines and are set out in the ATO's annual report.

ACNC Advisory Board member remuneration

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

Enterprise agreements and performance pay

The ACNC operates under the ATO Enterprise Agreement 2017, which complies with the APS-bargaining framework and aims to promote efficiency and effectiveness, contribute to achieving the organisation's policy and program outcomes, and enhance the quality of employees' work-life balance. The terms, conditions and outcomes of these arrangements are provided in the ATO's annual report.

Corporate goal 4.3

To improve IT systems so they are fit for purpose and support the internal business clients

Performance criterion	Criterion source	Result	Analysis of result	More information
Outcome i: The ACNC IT systems support effective and efficient service provision, processes, and record keeping that is compliant with public sector requirements				
Staff Portal is designed and implemented and improves usability and system speed for staff	<i>Corporate Plan 2016–17</i>	●	Developments to the ACNC Charity Register and Annual Information Statements have enabled information to be transferred in real time to the staff portal.	p. 114
Cloud-hosting solution with a dedicated ACNC network is implemented to improve system performance	<i>Corporate Plan 2016–17</i> 2016–17 PBS Program 1.4, page 177	●	The ACNC finalised procurement and commenced delivery of the cloud transition project in 2016–17. This project was completed in August 2017.	p. 116
A fit-for-purpose document management system is procured and implemented	<i>Corporate Plan 2016–17</i>	●	The cloud-hosting project delivered Microsoft SharePoint online as part of the overall document management solution. This meets the ACNC's initial requirements and is complemented by an information governance framework developed in line with the replacement customer relationship management system, as part of the system upgrade project delivered in 2017–18 financial year.	p. 116

Supporting efficiency and productivity through technology

In 2016–17 we began a project to migrate ACNC's physical infrastructure to a stable and scalable cloud-based alternative. This was intended to simplify the task of maintenance, enable improvement and development, as well as improving data redundancy.

... the project was intended to simplify the task of maintenance, enable improvement and development, as well as improving data redundancy.

The infrastructure migration was rolled out in conjunction with an internal business system transformation.

This has seen ACNC staff equipped with a new dedicated network of PCs, laptops and multi-function devices, complete with Office365, which is a productivity suite that includes internal collaboration tools, as well as scalable storage and document management, business intelligence and data visualisation solutions.

We will also implement eDiscovery to improve search capability, which will reduce the onerousness of fulfilling FOI requests.



Appendices

Appendix A: PGPA Rule annual report requirements for 2016–17	118
Appendix B: Information referred to other government agencies	124
Appendix C: Ecologically sustainable development and environmental performance	125
Appendix D: Contact details	126
Glossary	127
Index	129

Appendix A:

PGPA Rule annual report requirements for 2016–17

The list below sets out requirements for non-corporate Commonwealth entities to include in their annual reports for the 2016–17 reporting period. Page references for where the requirements are located in this report are provided for ease of reader access.

PGPA Rule reference	Description	Requirement	Page reference
17AD(g)	Letter of transmittal		
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	1
17AD(h)	Aids to access		
17AJ(a)	Table of contents.	Mandatory	6
17AJ(b)	Alphabetical index.	Mandatory	129
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	127
17AJ(d)	List of requirements.	Mandatory	118
17AJ(e)	Details of contact officer.	Mandatory	126
17AJ(f)	Entity's website address.	Mandatory	126
17AJ(g)	Electronic address of report.	Mandatory	1
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	10
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	18
17AE(1)(a)(ii)	A description of the organisational structure of the entity.		24
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity.		32
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan.		32

PGPA Rule reference	Description	Requirement	Page reference
17AE(1)(b)	An outline of the structure of the portfolio of the entity.		18
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.		10
17AD(c)	Report on the performance of the entity		
	<i>Annual performance statements</i>		
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	33
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	104
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	104
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory.	N/A
17AD(d)	Management and accountability		
	<i>Corporate governance</i>		
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	104
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	103
17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	103

PGPA Rule reference	Description	Requirement	Page reference
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	104
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	103
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory	104
<i>External scrutiny</i>			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	53
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	53
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	N/A
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	97
<i>Management of human resources</i>			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	108–114
17AG(4)(b)	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following:</p> <ul style="list-style-type: none"> • statistics on staffing classification level • statistics on full-time employees • statistics on part-time employees • statistics on gender • statistics on staff location • statistics on employees who identify as Indigenous. 	Mandatory	108–109

PGPA Rule reference	Description	Requirement	Page reference
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	114
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements, etc, identified in paragraph 17AG(4)(c).	Mandatory	109
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	109
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	112–113
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	114
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, mandatory	N/A
Assets management			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	104
Purchasing			
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	105
Consultants			
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	105

PGPA Rule reference	Description	Requirement	Page reference
17AG(7)(b)	A statement that <i>'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]'</i> .	Mandatory	N/A
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	N/A
17AG(7)(d)	A statement that <i>'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website'</i> .	Mandatory	N/A
Australian National Audit Office access clauses			
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	N/A
Exempt contracts			
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST), which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	N/A
Small business			
	A statement that <i>'[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.'</i>	Mandatory	105

PGPA Rule reference	Description	Requirement	Page reference
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	105
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>'[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.'</i>	If applicable, mandatory	105
Financial statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	N/A
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that <i>'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.'</i>	If applicable, mandatory	N/A
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	105
17AH(1)(b)	A statement that <i>'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].'</i>	If applicable, mandatory	105
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	112
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	54
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	N/A
17AH(2)	Information required by other legislation	Mandatory	18

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 2016–17 the ACNC made 48 referrals to other government agencies where our staff considered there may be possible action under the legislation of the other agency.

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 included in the ATO's annual report.

Appendix D:

Contact details

Mail	Director, Education and Public Affairs Australian Charities and Not-for-profits Commission GPO Box 5108 Melbourne VIC 3001
Phone	13 22 62
Fax	1300 232 569
Email	advice@acnc.gov.au
Website	acnc.gov.au

Glossary

AAT	Administrative Appeals Tribunal
ACFID	Australian Council for International Development
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 Investments Commission
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
Board	ACNC Advisory Board
BRC	Basic Religious Charity
CEO	Chief Executive Officer
CIS	Commissioner's Interpretation Statement
Charity	An entity defined in section 5 of the Charities Act. Broadly speaking, a not-for-profit entity that has charitable purposes for the public benefit, that does not have any disqualifying purposes and that is not an individual, political party or a government entity (see also Registered charity)
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 ACNC Act enables a charity to register as a specific subtype of charity, see page 47 for more information
Commission	Australian Charities and Not-for-profits Commission
Directorates	Organisational units within the ACNC
DSS	Department of Social Services
FOI Act	<i>Freedom of Information Act 1982</i> (Cth)
FOI	Freedom of information
FTE	Full-time equivalent staff
IPS	Information Publication Scheme
IT	Information technology
KPI	Key performance indicator
MOU	Memorandum/a of understanding
NRMA	National Roads and Motorists Association
NSCOA	National Standard Chart of Accounts
ORIC	Office of the Registrar of Indigenous Corporations
PAES	Portfolio Additional Estimate Statement(s)
PBI	Public Benevolent Institution
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
SRO	State Revenue Office
TEQSA	Tertiary Education Quality and Standards Agency
UNSW	University of New South Wales

Index

360-degree feedback, 113

A

Aboriginal and Torres Strait Islander employment, 111
accounting standards, 94–5
ACNC Charity Register, 18, 38–43
Administrative Appeals Tribunal, 53
Advice Services Directorate, 24, 35, 56, 73–4, 103–4,
Advisory Board, 14–16, 27–30
Advisory Board Chair's review, 15–16
ancillary funds, 51, 99
Annual Information Statements, 41–3
Annual Performance Statements, 32–115
applications for registration, 48–50
Ask ACNC, 67
asset management, 104
Assistant Commissioners, 21, 98
audit, 103
Australian Accounting Standards Board (AASB), 68, 94
Australian Business Register (ABR), 90
Australian Charities and Not-for-profits Commission Act 2012 (Cth) (ACNC Act), 18
Australian Charities Report 2015, 10–11, 15, 75, 82–3
Australian Council for International Development (ACFID), 21, 50

Australian Federation of Islamic Councils (AFIC), 59
Australian Public Service Commission employee census, 102
Australian Securities & Investments Commission (ASIC), 79, 90
Australian Taxation Office (ATO), 32, 45, 51, 60, 67, 104
Australian Transaction Reports and Analysis Centre (AUSTRAC), 60, 68
Australia's Smallest Charities Report, 11, 83
awards, 22–3

B

Basic Religious Charities, 41–2
behavioural insights, 77
Board, *see* Advisory Board
budget, *see* financial management
bulk lodgement, 41–2
business systems, 13, 25, 87–8, 116

C

cadets, 111
Centre for Social Impact, 11, 40, 80, 82–3
charitable purpose, 47
charities, elections and advocacy guidance, 75
Charities Act 2013 (Cth), 18
Charities (Consequential Amendments and Transitional Provisions) Act 2013 (Cth), 52, 57

- Charity Chat podcasts, 75
- charity, definition, 18, 47, 92
- Charity Passport, 12, 25, 90–2
- Charity Portal, 13, 23, 41, 44–5
- Charity Register, *see* ACNC Charity Register
- charitable purpose, 47
- charity status, revocation of, 38, 49, 53, 58
- Charity Tick, *see* Registered Charity Tick
- classification of staff, 108–9
- cloud hosting, 33, 80, 87–8, 115–16
- Commissioner, 10–14, 20, 22, 98, 103, 114
- Commissioner's Interpretation Statements (CIS), 76
- Commissioner's Interpretation Statement on Public Benevolent Institutions*, 13, 76, 97
- commitment to service, 34
- complaints, 34–6, 46, 78–9
- compliance activities, 12, 58–61, 72
- compliance report, 61
- compliments, 36, 78
- concerns about charities, 36, 55–8
- consultancies, 104
- contact details, 126
- corporate and operational planning, 103
- corporate goals, 38–115
- corporate governance, 103
- corporate plan, 14
- corporate priorities, *see* priorities
- corporate services, 24
- correspondence, 35, 74
- court appeal, 53
- culture, internal, 101–14
- Culture Plan, 110
- customer contact, 34–5

D

- data collection and analysis, 80–1
- data integrity, 42–3
- data, open, 43
- decision-making database for registration, 50
- definition of charity, 18, 47, 92
- deliverables, 32–3
- Department of Education and Training, 99–100
- Department of Finance, 40, 104
- Department of Prime Minister and Cabinet, 96
- deregulation agenda, 97
- digital by default, 13, 22, 81, 86–7
- digital innovation, 23
- directorates, 24–6

- disability reporting, 112
- disclosure requirements, 95
- discrimination, 112
- diversity and inclusion, 111–2
- double-defaulter charities, 43

E

- ecologically sustainable development, 125
- education and guidance, 56, 72, 75–6
- Education and Public Affairs Directorate, 24
- engagement survey, 113
- engaging the sector, 79
- employees, *see* staff
- enforceable undertaking, 59
- enterprise agreement, 114
- environmental performance, 125
- Evergreen Indigenous Advancement Program, 111
- Executive, ACNC, 20–1, 98
- executive remuneration, 114
- expenditure, *see* financial management
- external scrutiny, 53–5, 120
- events, 66

F

- Facebook, 62, 64
- face-to-face engagement, 66
- fact sheets, 76
- feedback, 78–9
 - see also* complaints; compliments
- female staff, 109
- financial management, 104
- financial reports, 41
- freedom of information (FOI), 53–4
- full-time equivalent (FTE) staff, 108
- fundraising information hub, 75

G

- gender of staff, 109
- goals, corporate, 38–116
- governance, 50, 57, 103
- grants, 105
- group reporting, 41
- guidance and education, 59, 63, 72, 75

H

- harmonisation, 92
- health and safety, 113
- highly regulated sectors, 100
- human resources, *see* staff

I

Indigenous employment, 111
induction training, 24
information-gathering powers, 58
information requests, 35–6, 53–4
information technology, 13, 25, 87–8
 see also website and online services
Institute of Public Administration Australia
 Public Sector Innovation Award, 23
innovation, 23
inquiries, 69–70
internal audit, 103
internal culture, 101–16
internal governance, 103
internal review decisions,
 see objection decisions
internet, *see* website and online services
investigations, 35–6, 58, 61

J

‘just in time’ advice and education,
 see education and guidance

K

key performance criteria, 33
key stakeholders, 94–5

L

Leadership in Government Awards, 22
leadership role, 89, 94–7
leaders, our, 20–1
Legal and Policy Directorate, 25
legislation, 18
LinkedIn, 62, 64
list of requirements, 118–23
 see also Australian Charities and
 Not-for-profits Commission Act 2012;
 Charities Act 2013;
 Charities (Consequential Amendments and
 Transitional Provisions) Act 2013;
 red tape reduction

M

male staff, 109
management and accountability, 119–23
MASCOT, 79
media, 63
meetings, 68
memoranda of understanding (MOU), 24, 103

mission, corporate 19
money laundering, 60, 68
multimedia, 76

N

new charities, 47–50
non-compliance, 12, 24, 58, 61
non-government schools, 99–100
non-ongoing staff, 106, 108–9
not-for-profit sector, 18
NSCOA efficacy, 95

O

objection decisions, 53
objective, 32–3
objects, 18
ongoing staff, 107–9
online services, *see* website and online services
open data, 43
operational planning, 103
organisation and structure, 24–6
outcome and program, 32–3
overseas operating charities, 50

P

part-time staff, 108
performance pay, 114
performance plans, 107
performance statements, 32–116
phone calls to ACNC, 34–5
podcasts, 75
Policy, *see* Legal and Policy
political advocacy, 59
Portfolio Budget Statements, 10, 32
priorities, 19, 33, 37–116
privacy, 35
procurement, 104–5, 111
Professional User Group, 76, 79
program and outcome, 32–3
public affairs, 25
*Public Governance, Performance and
Accountability Act 2013* (Cth)
 (PGPA Act), 32–3, 103
*Public Governance, Performance and
Accountability Rule* (PGPA Rule), 120–3
public trust and confidence, 37–70
publications, 76
published articles, 95
purchasing, 104

R

recognition, 22–3
recruitment, 110
red tape reduction (regulatory and reporting simplification), 11, 12, 26, 51, 68, 89–100
referrals to and from other government agencies, 56, 59, 124
refusals of applications, 49–50
Registered Charity Tick 10, 44, 63, 65, 76, 114
registration, 10, 26, 47–51
 see also ACNC Charity Register
registration form, 51
regulation, 46, 96–7, 99–100
 see also compliance activities;
 red tape reduction;
 registration
regulator effectiveness, 68–70
 see also sector engagement;
 website and online services
Regulator Performance Framework (RPF), 97
regulatory and reporting simplification,
 see red tape reduction
regulatory approach, 56
religious charities, 41, 42
reminders, 77
remuneration and salary, 104, 114
reporting, 41, 44–5
 see also red tape reduction
reporting and digital innovation, 23
reporting to the ACNC, 41–2
re-registration applications, 49
review, Commissioner's, 10–14
reviews of decisions, 53–4
revocations, *see* charity status, revocation of
Reward and Recognition programs, 114
risk management, 103
role, 18
roundtables, 68

S

safety and health, 110
salary and remuneration, 104, 114
satisfaction, *see* feedback
schools, 100
sector engagement, 79
sector-specific accounting standards, 96
Sector User Group, 79

seminars, 68
separation of staff, 109
service standards, 34–6, 78
small business procurement initiatives, 105
social media, 64
Social Policy Research Centre, 83
South Australia, 11–12, 30, 45, 51, 91–2
Special Account, 104
staff, 14, 106–14
staff engagement survey, 113
staff portal, 115
staff retention rate, 109
staff training and development, 73,
 106–7, 111–2
stakeholders, 94
strategic priorities, 19, 101
structure, 24–6
study tour, 98
submissions to inquiries, 69–70
support for charities, 71–88

T

Tasmania, 11–12, 30, 91–2
telephone calls to ACNC, 34–5
terrorism financing, 60, 68
Tick of Charity Registration,
 see Registered Charity Tick
training and development, 24, 112
transitional arrangements, 43
Twitter, 64

U

University of New South Wales (UNSW),
 40, 80, 83

V

values, 19
video guides, 76
vision, 19
voluntary revocation, 53

W

website and online services, 62–4, 85–8, 112
withdrawals of applications, 49
withholding information, 51–2
work health and safety, 113
workforce, *see* staff
workplace diversity, 111–2



acnc.gov.au