



Australian Government



Australian
Charities and
Not-for-profits
Commission

ANNUAL REPORT

2019–20



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Australian Government



Australian
Charities and
Not-for-profits
Commission

Senator the Hon Zed Seselja
Assistant Minister for Finance, Charities and Electoral Matters
Parliament House
Canberra ACT 2600

Dear Senator

I am pleased to provide you with the Australian Charities and Not-for-profits Commission Annual Report 2019–20 for presentation to Parliament.

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

Yours sincerely

The Hon Dr Gary Johns

Commissioner
Australian Charities and Not-for-profits Commission

20 August 2020

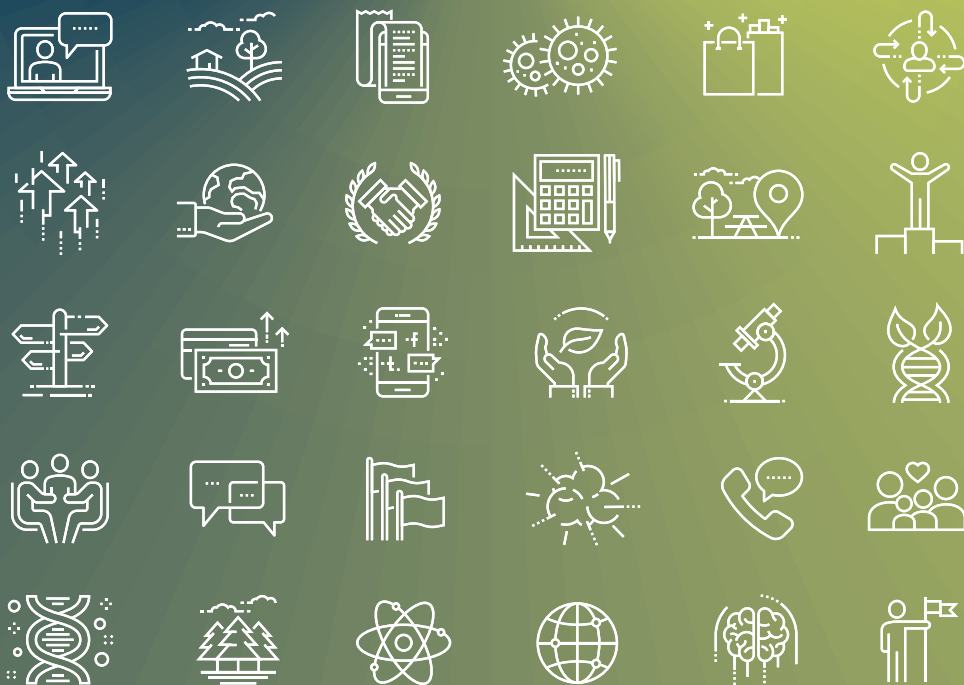
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1 · Our year in review



Commissioner's review

I am pleased to present the Australian Charities and Not-for-Profits Commission (ACNC) Annual Report for 2019–20. It highlights the achievements of the regulator in what was a year of unprecedented challenges for the community and the charity sector. Our most significant achievements of the year include our work with governments across the country to respond to disasters and to support charities during crises.

So that charities could focus on relief and recovery efforts for the 'Black Summer' bushfires, we paused most compliance activity for charities in bushfire-affected postcodes (unless there was a significant ongoing risk), and provided extensions for the Annual Information Statement of around 7,000 charities in those postcodes. We also prioritised registration applications related to bushfire response.

We broadcast a webinar for charities that had received significant increases in donations as a result of bushfire appeals. The webinar provided tips and advice on governance, record-keeping and financial management. It also clarified emerging issues and public concerns about safe giving, charity administration costs, charity governance and distribution of donations.

We worked with the Federal Government and key agencies to develop a list of registered charities with DGR endorsement that were running bushfire appeals. This list was published on the National Bushfire Recovery Agency website to help Australians identify charities they could support in response to the bushfires.



I anticipate that the work we are doing on the Charity Marketplace, an ACNC initiative to improve the quality of the information on the Charity Register, will provide increased visibility of charities' work. The improvements will make it easier for donors and volunteers to find charities that deliver the types of programs they want to support and will help the ACNC provide greater insights into the work of the charity sector.

Our most significant achievements of the year include our work with governments across the country to respond to disasters and to support charities during crises.

The ANAO endorsed the ACNC's achievements since its establishment in December 2012 and provided valuable insights that will help us continue to improve our approach to regulation.

When the COVID-19 pandemic hit Australia, we deferred the due date for the Annual Information Statement for more than 18,000 charities. And, similar to our response to the bushfires, we suspended some investigations where it was appropriate to do so.

To help charities with their governance and operations, we published a webpage on charity operations during COVID-19 which provided information, guidance and relevant links. Considering the extenuating circumstances, we also adjusted our approach to regulation at this time and published a statement that clarified our position.

In partnership with the Australian Taxation Office (ATO), we broadcast a webinar to provide charities with an overview of the Federal Government's support for the sector, and to cover issues of charity regulation during COVID-19. The webinar attracted the largest audience ever for an ACNC webinar with over 650 registrations.

At the same time, we implemented the ACNC's crisis business continuity plan to enable staff to work from home and provide continuity of service to the sector.

The hard work of our dedicated staff was recognised in the Australian National Audit Office (ANAO) performance report on charity regulation. The ANAO endorsed the ACNC's achievements since its establishment in December 2012 and provided valuable insights that will help us continue to improve our approach to regulation.

I commend the ACNC staff for their flexibility, resilience and continued commitment to the charity sector throughout what has been a particularly challenging year. I would also like to recognise everyone who continues to support charities to deliver programs that enrich the communities they serve.

I hope you will find this review of the ACNC's performance in 2019–20 insightful.



The Hon Dr Gary Johns
ACNC Commissioner

Advisory Board Chair's review

The past year was significant for both the ACNC and the charity sector.

On 6 March 2020, Senator the Hon Zed Seselja released the Government's response to the Australian Charities and Not-for-profits Commission legislation review. The panel that undertook the review received more than 170 submissions and met with 215 stakeholders, including the Advisory Board, to assess the effectiveness of the ACNC as the national regulator of charities.

The review panel found strong support for the ACNC and its accomplishments in the first five years, with the sector acknowledging the collaborative and educative approach taken by the ACNC. The panel's view was that this approach should continue. The panel also identified an opportunity to broaden the use of incentives in encouraging good behaviour and use powers available to enforce the law in matters of misconduct.

The final report, *Strengthening for Purpose*, made 30 recommendations centred on the ACNC's objects, functions and powers, the overall regulatory framework, and red tape reduction for charities.

In responding to the review's recommendations, the Government aims to enact reforms that reduce red tape for charities while ensuring adequate transparency and governance so donors and volunteers can support charities with trust and confidence.

The ACNC is preparing to implement some reforms; however, others will require the Government to complete additional consultation to ensure they are meaningful. Some reforms will require legislative amendments. The board looks forward to supporting their implementation as they take place.



ACNC staff have continued the vital work with other government agencies to streamline charities' reporting across jurisdictions. In November 2019, the Associations Incorporation and Other Legislation Amendment Bill 2019 was introduced into the Queensland Parliament, another milestone in red tape reduction. Once implemented, the Act, which was passed on 16 June 2020, will relieve approximately 3,200 Queensland charities of duplicated financial reporting obligations.

On 23 July 2019, the External Conduct Standards for charities with overseas operations were introduced – an initiative to ensure that the resources charities send or the services they provide overseas reach legitimate beneficiaries and are used for legitimate charitable purposes. The Standards also seek to protect vulnerable people overseas. The ACNC undertook significant consultation with the sector and published a range of guidance and tools to assist charities in understanding and effectively implementing the Standards.

*A strong, sustainable,
well governed charity sector
is crucial to the successful
recovery from the current crisis.*

The last year was a particularly challenging one for Australian charities, from responding to bushfires over the summer to adapting operations in response to the COVID-19 pandemic.

The ACNC responded rapidly to the bushfires and COVID-19, reviewing its approach to regulation and providing practical advice, tips for good practice, and important reminders for charities.

Some charities continued to thrive despite the pandemic, while others struggled. Many welfare charities experienced an increase in demand and we know smaller charities were hampered by the loss of volunteers, many of whom are older and, therefore, in the higher risk category for COVID-19. Charities that bring people together or rely on events to raise funds were among the hardest hit, as they could not necessarily replicate their activities and services online.

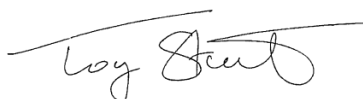
The pandemic's full effect has not been felt by the sector as Australian governments have provided significant financial support to charities, via measures such as Boosting Cash Flow for Employers and JobKeeper. We anticipate that the reduction or removal of these supports will affect charity operations significantly.

In May, the Australian Government National COVID-19 Coordination Commission established a not-for-profit working group to provide recommendations to lessen the social and economic effects of COVID-19 on charities and those they support. I lead the Charity, Philanthropy and Fundraising Advisory Group. In this role I am fortunate to be able to draw on the expertise and experience of my fellow board members and the many sector representatives we engage with to inform discussion.

A strong, sustainable, well governed charity sector is crucial to the successful recovery from the current crisis. The Advisory Group focuses on developing recommendations to help the sector and gathering information from the sector on the effect of COVID-19 on vulnerable Australians.

We are compiling advice on how responses by the sector, business, the community and governments could be better tailored to meet the needs of Australians. In addition, we are identifying opportunities for not-for-profits to contribute to the community during the COVID-19 crisis and in the vital rebuilding phase to follow.

It has been a pleasure to continue working with members of the Advisory Board and I want to thank them for their commitment and the wealth of expertise they bring to the table. Our collective knowledge, meetings with sector leaders and robust discussions enable us to provide valuable advice and recommendations to the ACNC Commissioner and the Government.



Tony Stuart
Chair, ACNC Advisory Board



2 · Our organisation



About us

The ACNC is the national regulator of charities. We are responsible for administering the *Australian Charities and Not-for-Profits Commission Act 2012* (Cth) (the ACNC Act) and the *Australian Charities and Not-for-profits Commission Regulation 2013* (the ACNC Regulation).

The ACNC was established by the ACNC Act which has the following three objects:

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

We determine whether an organisation meets the legal definition of charity and its entitlement to registration as a charity. Our guidance and support help charities understand and meet their obligations.

Although the ACNC Act refers to not-for-profits and the not-for-profit sector, the ACNC only regulates registered charities – organisations that meet the definition of charity as set out in the *Charities Act 2013* (Cth) (the Charities Act).

We determine whether an organisation meets the legal definition of charity and its entitlement to registration as a charity. Our guidance and support help charities understand and meet their obligations.

When a charity fails to meet its obligations and acts in a way that poses a serious risk to public trust and confidence, we investigate and act.

We maintain the ACNC Charity Register – an online, searchable register of charities. The Charity Register, which publishes information about charities' governance, activities, operations and finances, helps charities to be transparent and the public find information about charities. We use the information we collect about charities to provide an overview of the charity landscape and report on emerging trends in the sector through the annual Australian Charities Report.

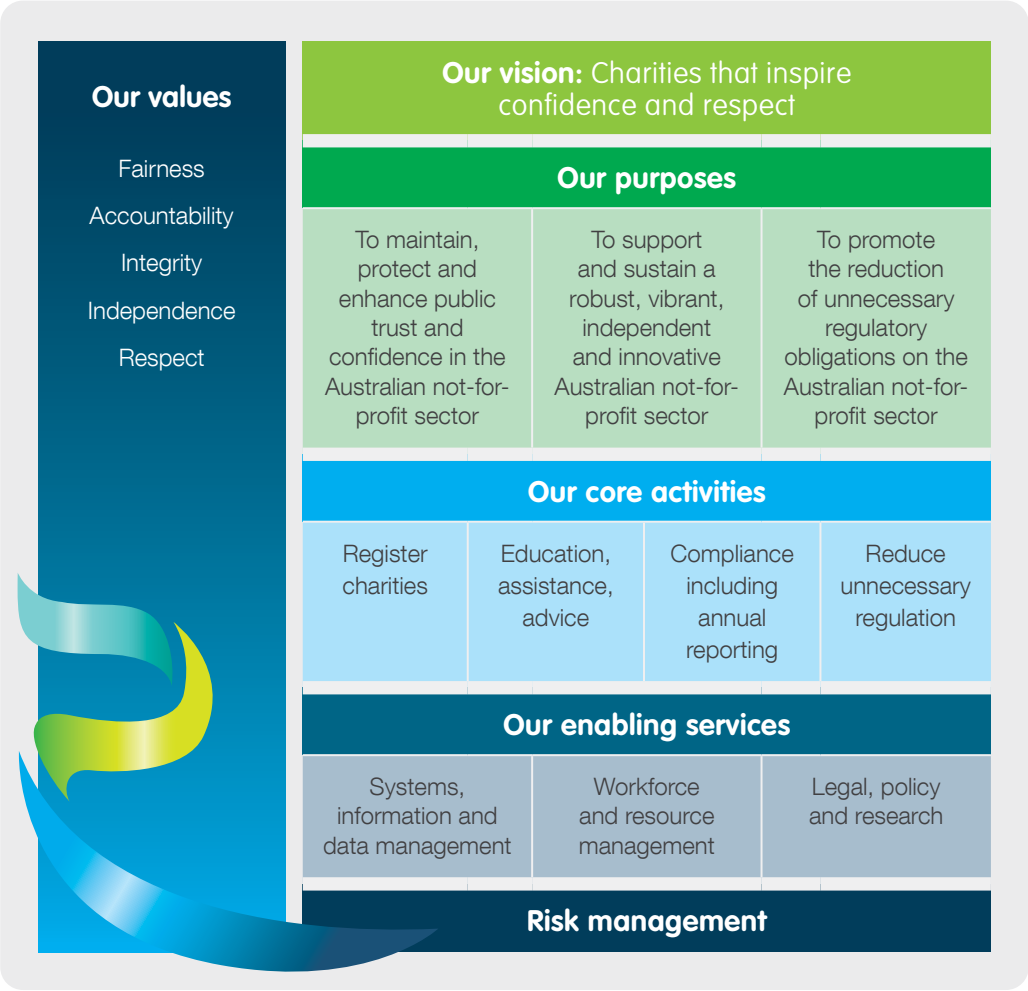
When a charity fails to meet its obligations and acts in a way that poses a serious risk to public trust and confidence, we investigate and act. Our actions, which are consistent with our regulatory approach, aim to ensure charities are well governed and that charitable assets are used for their intended purposes.

We work with state and territory governments and other Commonwealth government agencies to reduce unnecessary regulatory obligations for charities. Our aim is to harmonise and simplify reporting for charities so they can report once to government and have that information shared with other government agencies using the ACNC Charity Passport.

Our vision and values

We strive to be a world leader in charity regulation. We believe in good governance, honest respectful relations and transparent administration. Our Corporate Plan 2019-20 outlines our vision, values and strategic priorities for the year. Our vision is ‘charities that inspire confidence and respect’.

Our values are: fairness, accountability, independence, integrity and respect. These values underpin the way we perform our work and align with the Australian Public Service values.



Our leaders

The Hon Dr Gary Johns, Commissioner

December 2017 – present



The Hon Dr Gary Johns took up the role of Commissioner following a long and varied career in public service and policy advice, including as the author or editor

of nine books on public policy. He was an inaugural board member of Volunteers Australia, a member of the Prime Minister's Business Community Partnership, and served on the committee to design the Redress Scheme for survivors of institutional child sexual abuse.

Dr Johns was a member of the House of Representatives from 1987–1996 and served variously as Parliamentary Secretary to the Deputy Prime Minister, Parliamentary Secretary to the Treasurer, and Special Minister of State and Assistant Minister for Industrial Relations. He served as an Associate Commissioner of the Commonwealth Productivity Commission from 2002–2004.

He received the Centenary Medal in 2001 and the Fulbright Professional Award in Australian-United States Alliance Studies in 2002, which was served at Georgetown University, Washington DC.

He was Senior Fellow at the Institute of Public Affairs, senior consultant with ACIL Tasman, Associate Professor, Australian Catholic University, and Visiting Fellow at QUT Business.

Anna Longley, Assistant Commissioner, General Counsel

November 2019 – present



Anna Longley is the ACNC's Assistant Commissioner – General Counsel. She acts as the senior legal advisor to the ACNC Commissioner and the

Advisory Board and has legal oversight of the ACNC's work regulating charities.

Having worked at the ATO for over 16 years prior to becoming General Counsel, Anna has an extensive background in public administration. Most recently, she was an Assistant Commissioner in Private Wealth, leading assurance and review work on high-wealth individuals, private groups and not-for-profit entities. Anna also sat on the ATO's General Anti-Avoidance Rules Panel, and for two years oversaw Fringe Benefits Tax for the ATO.

Anna is experienced in dispute resolution and litigation. She has appeared for the Commissioner of Taxation in the Administrative Appeals Tribunal and the Federal Court in cases on income tax, GST and indirect tax, superannuation and not-for-profit matters.

Anna holds a Bachelor of Laws with Honours, a Graduate Diploma of Legal Practice and a Master of Taxation. She was admitted to practice as a lawyer in 2005.

In the charity sector, Anna has spent several years volunteering for and on the board of community legal centres.

Catherine Willis, Acting Assistant Commissioner, General Counsel

March 2019 – November 2019



Catherine Willis joined the ACNC on a temporary transfer from her role in dispute prevention and resolution with the ATO.

Since she joined the ATO in 2010 she has worked across a range of advice, compliance and dispute resolution matters, engaging with large market clients, private groups and small businesses.

Prior to joining the ATO she was a Special Counsel at a national law firm. She holds a Master of Laws from the University of Melbourne and a Graduate Diploma of Education (Secondary) from Monash University.

Our structure

The ACNC has six directorates, each of which plays a crucial role in helping us achieve the objects of the ACNC Act.

Advice Services, Education and Public Affairs

Our Advice Services team provides information to charities and members of the public about a wide range of topics related to charity governance and the charity sector. The team responds to written and phone enquiries about obligations and legislation affecting charities, and helps people navigate the ACNC website, Charity Register and Charity Portal. Advice Services also processes forms submitted by charities and undertakes projects to ensure the Charity Register has correct and up-to-date information. Enquiries made to Advice Services help the ACNC identify information gaps and improve our services to charities, their advisors and the public.

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Our Education and Public Affairs team manages internal and external communications, including the ACNC website, publications and social media, as well as government and media relations. The team is responsible for developing guidance and resources to help charities meet their obligations to the ACNC and for building the profile of the ACNC with the public, including promoting accessible information about Australia's charity sector.

Compliance

Our Compliance team works across the whole of government to address risks that pose a threat to trust and confidence in the charity sector. The team uses analytics and intelligence to identify risks in the sector and cases for investigation.

The team takes proportionate action to address non-compliance in a charity. It considers several factors in determining appropriate action, including the severity and persistence of a charity's non-compliance, the risk of harm to the sector and community, and the willingness of the charity to work with the ACNC to address the non-compliance.

The ACNC uses a combination of education and guidance to encourage compliance in charities and investigative methods to address non-compliance and support charities to meet their obligations. When investigations find that a charity has been involved in serious or deliberate non-compliance, the ACNC may use its enforcement powers or revoke the charity's registration with the ACNC.

Information Technology

Our Information Technology (IT) team manages the implementation, maintenance and support of IT services, platforms and solutions.

The team manages system configuration and architecture and information governance and provides data to support operations and help inform strategic decisions. It also manages the data exchange activities with other government agencies.

The ACNC uses a combination of education and guidance to encourage compliance in charities and investigative methods to address non-compliance and support charities to meet their obligations.

Legal and Policy

Our Legal and Policy team advises the Commissioner and our staff on interpretation and application of the ACNC Act, the Charities Act and other applicable legislation and regulations. This includes providing advice and training to ACNC staff. The team also manages legal review and appeal proceedings of ACNC administrative decisions.

Legal and Policy advises on memoranda of understanding with external agencies, agreements and contracts, and manages obligations under the *Freedom of Information Act 1982* (Cth) (the FOI Act). It also coordinates submissions to parliamentary inquiries and consultative bodies on policy and legislative initiatives.

Reporting, Red Tape Reduction and Corporate Services

Our Reporting and Red Tape Reduction team administers the ACNC reporting framework and works with other government agencies to reduce red tape for charities through the alignment of regulatory obligations. The team oversees the design and data integrity of the Annual Information Statement, administers various reporting obligations set out in ACNC legislation, and manages the ACNC Charity Passport. The Reporting and Red Tape Reduction team also undertakes analysis of ACNC data, including Annual Information Statement submission statistics, data analysis for the Charities Report and measures of the ACNC Act's second object.

Our Corporate Services team oversees resource management and is committed to developing and maintaining a high performing workforce that can effectively deliver the priorities set out in our corporate plan while managing organisational risks. The team works collaboratively to increase efficiency and innovation in the ACNC's human resource, governance and financial functions.

Registration

Our Registration team is responsible for assessing charity registration applications and adding information about newly registered charities to the Charity Register. The team also assesses and processes requests from charities to have information withheld from the Charity Register, to have new charity subtypes added to their registration, and to have their registration revoked. The team helps streamline the process for obtaining Commonwealth charity tax concessions by collecting and passing on the information required by the ATO on behalf of charities.

Our Advisory Board

The ACNC Advisory Board supports and advises the ACNC Commissioner. The Board is appointed by the Minister and consists of up to eight 'general members' with expertise in the not-for-profit sector, law, taxation or accounting, and office holders. The Board also currently includes one 'ex officio' member who is appointed to the Board because they hold a specified office.

The ACNC Advisory Board supports and advises the ACNC Commissioner.

General members are appointed for a term of up to three years. Ex officio members remain on the Board for as long as they hold the specified office. The Board meets quarterly.

In 2019-20 the Board met four times. The meetings were held in Melbourne on 29 August 2019 and 28 November 2019, Brisbane on 20-21 February 2020 and the 15 May 2020 meeting was held via an online platform.

Advisory Board member changes

In 2019-20 there were no changes to the membership of the Board.

General members

Tony Stuart

Tony Stuart is the Chair of the ACNC Advisory Board, a member of the Prime Minister's Community Business Partnership and currently Chair of the Charity, Philanthropy and Fundraising Advisory Committee to the National COVID-19 Coordination Commission. He is the Chief Executive Officer of UNICEF Australia. Previously Tony was the Group Chief Executive Officer of National Roads and Motorists' Association, one of Australia's largest not-for-profit organisations. He is a former Director of the Heart Research Institute, the Starlight Children's Foundation and Business Council of Cooperatives and Mutuals. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

Dr Martin Lavery

Dr Martin Lavery is Deputy Chair of the ACNC Advisory Board. He is Secretary General of the Australian Medical Association. In previous roles he has been Chief Executive of three charities: the Royal Flying Doctor Service of Australia, Catholic Health Australia, and the NSW Muscular Dystrophy Association. He is an inaugural Director of the National Disability Insurance Scheme and is a previous Chair of the Heart Foundation and the disability charities Unison Disability and Challenge Southern Highlands. Dr Lavery is a member of the National Covid-19 Coordination Commission advisory group of charities, a Director of the international aid organisation Caritas Australia, and is an Adjunct Professor at the University of Western Australia's Not for Profits Initiative. A lawyer by training, Dr Lavery's doctorate is in board director contributions to charitable organisation outcomes.

David Pigott

David Pigott is a former executive at Mission Australia. He has served as an adviser to federal and state governments and as private secretary to the NSW Premier. David is a member of the NSW Ministerial Advisory Council on Ageing and is Chair of the Ella Centre, a disability and aged services support provider in Sydney's Inner West.

Heather Watson

Heather Watson is a specialist charity lawyer with experience across the not-for-profit sector. She holds a number of non-executive appointments across the charity sector including as Chair of Uniting in NSW and ACT and the Epic Good Foundation and as a director with Uniting (Victoria and Tasmania), Australian Regional and Remote Community Services, and National Affordable Housing Consortium.

Peter Hogan

Peter Hogan is a Chartered Accountant with over 50 years of experience. Peter began his career at the ATO before moving into the private sector and becoming a corporate tax partner with PricewaterhouseCoopers (PwC). Since his retirement from PwC, Peter has served on the Boards of a number of listed public companies on the ASX and the Singapore Stock Exchange. Peter has also served as Deputy Chair of Villa Maria Catholic Homes Ltd, Director and Treasurer of Edmund Rice Foundation (Australia) Ltd and is a former Board Chair of St Bernard's College, Essendon.

Dr Susan Alberti AC

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

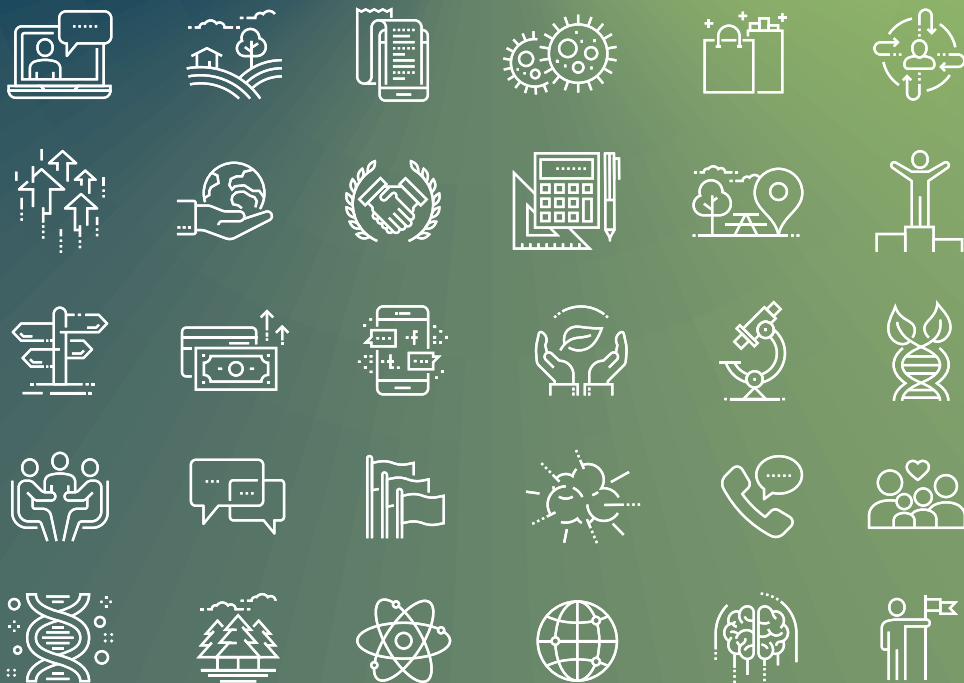
Ex officio member

Dini Soulio

Dini Soulio is the Commissioner of Consumer Affairs and Liquor and Gambling with Consumer & Business Services (CBS) in South Australia. CBS has a broad portfolio which includes regulation of charities. Dini's background is as a solicitor in private practice, working in the areas of insurance, workers compensation and criminal law. He has also held senior regulatory roles with the Australian Customs Service and the Australian Securities and Investments Commission (ASIC).



3 · Performance



Purpose and priorities

The ACNC's purpose and performance measures were published in our 2019–20 Corporate Plan.

Our corporate priorities for 2019–20 were to:

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

To achieve these priorities, the ACNC:

- maintains a public register of Australian charities
- registers new charities and revokes the registration of those no longer entitled to registration
- collects information on charities annually and updates the Charity Register
- receives and acts on concerns about registered charities
- monitors charities' compliance with legal requirements
- provides advice and guidance to charities and the public to enhance the transparency and good governance in the sector
- works across governments to reduce unnecessary regulation.

Outcome and program

Although the ACNC operates independently, we are included in the ATO's program structure and are one of the programs that delivers the ATO's outcome.

The ATO's outcome statement is:

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, our deliverables and performance indicators, which are used to assess and monitor our performance, are published in the Treasury Portfolio Budget Statements. These deliverables and performance indicators are the same as the priorities and performance measures contained within our corporate plan.

Performance reporting

In line with the Commonwealth Government's enhanced performance framework, our performance measurement and reporting processes were assessed against the requirements of government entities under the *Public Governance, Performance and Accountability Act 2013* (Cth) (the PGPA Act). Our performance for each criterion is graded as described in Table 3.1.

Table 3.1: Criterion result grading

Result	Symbol	Description
Met	✓	Target met or exceeded
Partially met	!	Some elements of the target were met and issues managed
Not met	✗	No or minimal progress was made against the target

I, the Hon Dr Gary Johns, Commissioner of the ACNC, as statutory office holder appointed to administer the ACNC Act, present the Annual Performance Statement of the ACNC, as required under paragraph 39(1)(a) of the PGPA Act. In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.

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





The Hon Dr Gary Johns




Commissioner

Australian Charities and Not-for-profits Commission

20 August 2020

Priority 1: To maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector

Performance measure	Target	Result
<p>New charities are registered and included on the Charity Register and charities identified as being ineligible to be registered are revoked and removed from the Charity Register</p> <p>2019–20 Treasury Portfolio Budget Statements (PBS) page 202</p> <p>2019–20 ACNC Corporate Plan page 6</p>	<p>Meet published service standards for:</p> <ul style="list-style-type: none"> ■ processing 90% of registration applications within 15 business days ■ finalising 60% of investigations within 6 months and 90% in 12 months. 	<p></p> <p>95% of registration applications were processed within 15 business days</p> <p>33% of investigations were finalised within 6 months</p> <p>57% of investigations were finalised within 12 months</p> <p>Due to the impact of the bushfires and COVID-19 on charities, the ACNC suspended some investigations where appropriate to do so, affecting our performance against this measure.</p>
<p>Registered charities meet their obligations to lodge an Annual Information Statement and, where applicable, an annual financial report</p> <p>2019–20 Treasury PBS page 202</p> <p>2019–20 ACNC Corporate Plan page 6</p>	<p>75% of charities lodge their Annual Information Statement on time.</p> <p>100% of charities with two outstanding Annual Information Statements are removed from the Register annually.</p>	<p></p>

Performance measure	Target	Result
<p>The ACNC operates in accordance with a clearly articulated risk framework and risk-based approach to charity registration, and compliance activities</p> <p>2019–20 Treasury PBS page 202</p> <p>2019–20 ACNC Corporate Plan page 6</p>	<p>Policies and business processes align with the ACNC's Regulatory Risk Framework and risk-based approach.</p>	
<p>Decisions are evidence based, consistent and transparent</p> <p>2019–20 Treasury PBS page 202</p> <p>2019–20 ACNC Corporate Plan page 6</p>	<p>Quality assurance processes demonstrate decisions align with the regulatory approach and are legally sound.</p>	
<p>Information provided by charities in the Annual Information Statement and, where applicable, annual financial report, is examined for accuracy</p> <p>2019–20 Treasury PBS page 202</p> <p>2019–20 ACNC Corporate Plan page 6</p>	<p>Develop, publish on the website and implement a data integrity strategy for each Annual Information Statement, detailing the risk-based approach to confirming accuracy of reporting.</p>	

Analysis of performance

Charity registration

In 2019–20 we processed 5,746 applications for charity registration, with 98% received through our online registration application form. Registration applications are assessed against the requirements of the ACNC Act, the Charities Act, *Charities (Consequential Amendments and Transitional Provisions) Act 2013* (Cth) and common law to determine eligibility for registration. When we do not have enough information in an application to determine eligibility, we request further information from the applicant and consider other sources of information, such as the organisation's website or annual report.

Customer service is important to the ACNC and we aim to register the organisations entitled to be registered in a timely manner. In 2019–20, of the 5,746 registration applications we processed, 95% were determined within 15 business days of receiving all the necessary information, exceeding the service standard of 90%.

In 2019–20, we refused 136 charity registration applications. Of those refused, 80% were due to the applicant not providing enough information for us to determine whether the organisation was eligible for registration. In these situations, we make two attempts to obtain the required information before refusing the application. The remaining refusals were because the organisations did not meet the eligibility requirements.

We regularly update our website guidance to ensure that applicants and registered charities understand the registration requirements and process. In 2019–2020 we updated two Commissioner's Policy statements.

The Registration Policy was expanded to cover information about the External Conduct Standards which were introduced in July 2019, and the Voluntary Revocation Policy was updated to include the voluntary revocation of individual charity subtypes and information to assist charities understand how we consider their requests.

We made changes to the registration application form at the beginning of 2020. These changes included additional questions about charities operating overseas, and general improvements that made it easier for applicants to complete. These improvements seek to minimise the number of times we must request more information from applicants before making our decision.

Our primary focus during this period has been enabling charities to support the community.



The Australian economy and community were significantly affected this year by the devastating bushfires and the COVID-19 pandemic. Our primary focus during this period has been enabling charities to support the community. In collaboration with other government agencies, we have worked to ensure that applications from organisations eligible to be registered as charities were processed efficiently and the charities have access to the appropriate Commonwealth tax concessions as a priority.

DGR Reform

Work continued on the Deductible Gift Recipient (DGR) reforms announced by the Federal Government on 5 December 2017. The changes are designed to strengthen governance arrangements, reduce administrative complexity and ensure continued trust and confidence in the sector.

As part of the DGR Reforms, the ACNC will review approximately 500 DGR endorsed charities annually to assess their continued eligibility for registration as a charity. We will be progressing this work in the coming year. Changes to the DGR system, including integration of the four existing DGR registers to streamline the DGR registration process, are pending the development of legislation.

External Conduct Standards

The External Conduct Standards are a set of standards that govern how a charity must manage its activities and resources outside Australia. They commenced on 23 July 2019. The External Conduct Standards operate in addition to the existing ACNC Governance Standards and are intended to promote transparency and provide confidence that the resources a charity sends overseas, or the services it provides overseas, reach the intended beneficiaries and are used only for charitable purposes. The Standards also seek to protect vulnerable people overseas.

The External Conduct Standards are a set of standards that govern how a charity must manage its activities and resources outside Australia.

To help charities understand the new requirements of the External Conduct Standards, we published extensive guidance both before and after they commenced, and provided useful tools and resources including a self-evaluation tool charities can use to assess their compliance and a webinar that explores the Standards in depth. To ensure we collect required information of charities, the registration application form was updated to include questions about overseas operations.

Satisfaction with registration experience



407

Sub type reviews
processed



Compliance

Receiving and investigating concerns about charities is a key component of our work to maintain and enhance public trust and confidence in the sector. In 2019–20 we received 2,102 concerns about charities; most of these concerns were received from the public or members of a charity. The most common concerns were about perceived mismanagement of funds or individuals obtaining a private benefit from a charity.

The most common concerns were about perceived mismanagement of funds or individuals obtaining a private benefit from a charity.

We finalised 79 investigations in 2019–20, resulting in a range of outcomes, including the revocation of charity registration for 18 charities due to serious and ongoing non-compliance. Due to the bushfires and COVID-19, we deferred action in some cases which meant they were not finalised in the 2019–2020 year. When we did take action against a charity affected by the bushfires or COVID-19, we did so because we considered it a high risk to allow the charity to remain registered.

The ACNC may disclose protected information to other Australian government agencies if relevant. In 2019–20, we made 49 referrals to other government agencies about 29 charities where we thought the other agency may be able to act.

Before starting an investigation, we conduct a risk assessment, which includes a review of the information we have available. The risk assessment helps us understand the significance, likelihood and consequences of the issues raised, and then decide the most appropriate response. In 2019–20 we completed 58 risk assessments.

In line with our regulatory approach, our response to non-compliance is proportionate.

In line with our regulatory approach, our response to non-compliance is proportionate. If a charity's non-compliance is significant, but we decide that its Responsible Persons are willing and able to correct matters, our response may involve an action plan such as a Compliance Agreement or an Enforceable Undertaking.

Through these, we monitor the charity's progress in addressing its non-compliance. In 2019–20 we established 11 compliance agreements with charities and used our enforcement powers on two occasions.

2,102
concerns



about charities
received

79 investigations
finalised



47 charities



were advised to
undertake a
self-evaluation

Risk

In 2019–20 the ACNC undertook a significant evaluation of how we understand risk in the sector and, consequently, how we decide which cases to investigate. Under our newly refined approach, we combine three factors to understand non-compliance and determine what action to take:

- we develop risk profiles using available information
- we analyse specific risks, sometimes with other government agencies
- we evaluate thousands of concerns from a range of sources, including the public.

In 2020–21 we will refine this approach to ensure it effectively identifies risk and guides how we respond to issues.

We are also refining the tools we use to educate charities about complying with obligations. In addition to our current education and investigation programs, we will recommend more charities undertake a self-evaluation to assess their compliance and to improve their practices. We will introduce a new evaluation program which will require charities at risk of non-compliance to explain how they are meeting their obligations. This information will help us decide what action we take.

Annual reporting

Each year charities must submit an Annual Information Statement (except charities also registered with the Office of the Registrar of Indigenous Corporations). This Statement, submitted online via the Charity Portal, collects details of a charity's activities, beneficiaries, and finances. Medium and large charities must provide reviewed or audited annual financial reports with their Annual Information Statement.

Data from Annual Information Statements is used to populate the Charity Register, ensuring that it contains up-to-date information on charities.

The Annual Information Statement is due for each charity six months after the end of its reporting period. The 2019 Annual Information Statement was made available online in August 2019. To reduce the administrative burden in the extraordinary circumstances of the 2019–20 reporting period:

- charities with an Address For Service in any bushfire-affected areas were given an extension to the due date of their 2019 Annual Information Statements until 28 May 2020
- charities due to submit the 2019 Annual Information Statements between 12 March and 30 August 2020 were given an extension until 31 August 2020 due to COVID-19.

58 risk assessments completed



18 charities



had their
registration revoked
following investigation

32 charities



received
regulatory advice

As at 30 June 2020, 75% of charities had submitted their 2019 Annual Information Statement on time.

In July 2019, the ACNC notified 2,077 charities of our intention to revoke their registrations for failing to submit two or more Annual Information Statements. In August 2019, we revoked the registrations of 1,244 charities that had not submitted the required Annual Information Statements.

As at 30 June 2020, 75% of charities had submitted their 2019 Annual Information Statement on time.

Data integrity

To ensure the integrity of the information on the Charity Register, we reviewed 207 annual financial reports in 2019–2020. In reviewing the reports, we considered the accuracy of the financial information, the quality of information disclosed, and the overall compliance with the requirements of the ACNC Act and Australian Accounting Standards.

When we find material errors in a charity's annual financial report, we contact the charity to help it rectify the errors.

In March 2020, we published a report on our reviews of the 207 annual financial reports called Reporting Statistics for the 2018 Reporting Period. This report outlined the findings of our reviews and included statistics on the accuracy and quality of the financial information provided in the annual financial reports. As a result of us contacting charities that had made material errors, there were amendments to financial reports which accounted for \$195,522,440 in total revenue and \$614,226,373 in total assets.

To ensure the integrity of the information on the Charity Register, we reviewed 207 annual financial reports in 2019–2020.

We also published our 2019 data integrity strategy, Data Integrity: Review of the Quality of Charities' Reporting, with new focus areas. These include reviewing the transposition of revenue from government in the Annual Information Statement, and compliance with reporting requirements for charities that can participate in streamlined reporting arrangements we have with other agencies.

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Case study 1

External Conduct Standards in practice



The External Conduct Standards came into effect in July 2019 and cover four areas of overseas operations:

Standard 1: Activities and control of resources (including funds)

Standard 2: Annual review of overseas activities and record-keeping

Standard 3: Anti-fraud and anti-corruption

Standard 4: Protection of vulnerable individuals

A registered charity operated and received donations in Australia which it then used to fund a hospice operated by another organisation in Vietnam. Although the registered charity did not directly manage the hospice, it had to comply with the External Conduct Standards because it sent money to an organisation overseas.

The registered charity carried significant risks that it needed to mitigate to comply with the External Conduct Standards. The charity made efforts to:

- ensure the money it sent was spent on the operation of the hospice (External Conduct Standard 1)
- obtain and review reports from the overseas organisation about its activities (External Conduct Standard 2)
- actively ensure fraud and corruption were not occurring (External Conduct Standard 3).

The registered charity needed to understand its obligations under the External Conduct Standards, and it did so by consulting the ACNC about its situation and taking the ACNC's self-evaluation for charities operating overseas. This gave the charity a good overview of its compliance and showed it the areas of risk it needed to manage carefully.

Case study 2

Helping a charity report correctly






We identified several issues in the financial report of a charity which was an incorporated association in Tasmania. A full review of the financial report showed that it had been prepared in accordance with Tasmanian incorporated association requirements but did not meet all the ACNC's requirements.

We emailed the charity with an explanation of the issues, but the charity did not respond. We then called the charity and were able to speak with someone about the issues with the financial report and what the charity needed to do. In speaking to someone at the charity, we were made aware that neither the people at the charity nor its auditors knew of the streamlined reporting arrangement the ACNC had for Tasmanian incorporated associations. With this in mind, we were able to work with the charity on a resolution that allowed it to address the reporting issues in the following year's financial report.

The charity contacted us when the time came to prepare their next financial report and provided a draft to ensure all the issues had been properly addressed. As a result, that financial report was fully compliant.

Priority 2: To support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector

Performance measure	Target	Result
<p>The ACNC will publish data against the criteria that have been determined to measure the characteristics referred to in Object 2 of the ACNC Act.</p> <p>2019–20 Treasury PBS page 202</p> <p>2019–20 ACNC Corporate Plan page 7</p>	<p>Publicly available data about these measures is up to date and available on data.gov.au</p>	
<p>Information, guidance and advice provided to charities to help them understand their obligations and support good governance is timely accurate and accessible.</p> <p>2019–20 Treasury PBS page 202</p> <p>2019–20 ACNC Corporate Plan page 7</p>	<ul style="list-style-type: none"> ■ Enquiries are responded to according to the published service standards ■ Quality assurance reviews of advice provided by staff meets a 75% or higher rating 	 <p>58% of phone calls were answered within four minutes, falling short of the 80% target.</p> <p>80% of written enquires were processed within seven business days, meeting the service standard.</p> <p>85% of quality assurance reviews of advice provided by staff found that staff had provided accurate, high quality information.</p>
<p>Data about charities collected by the ACNC is made available to the public in an accessible format</p> <p>2019–20 Treasury PBS page 202</p> <p>2019–20 ACNC Corporate Plan page 7</p>	<ul style="list-style-type: none"> ■ Publicly available data about registered charities is up to date and available on data.gov.au ■ The Charity Register is redesigned to better present data to inform donor decision making 	

Analysis of performance

Publication of charity data

In May 2020, we published the [Australian Charities Report 2018](#), the annual analysis of the charity sector, showing the substantial economic and social contribution that charities make in Australia. This report, based on the most current data available from more than 48,000 charities, is the most comprehensive of its type.

The report, as in previous years, was published with an interactive dataset that allows users to explore the data themselves. This dataset is the same one used to produce the Australian Charities Report 2018. Making it freely available online is an important part of sharing knowledge and insights with the sector and the public.

We also continue to share the data freely at [data.gov.au](#), along with several other datasets. We now have 10 different datasets at [data.gov.au](#), with the ACNC Registered Charities dataset the most widely viewed and downloaded.

Information and guidance

In 2019–20 we responded to 32,602 phone calls and 13,362 written enquiries. In January 2020, we received over 5,000 phone calls from charities seeking advice because of the bushfire crisis. Due to the COVID-19

pandemic, our phone lines were temporarily closed in April 2020 while we worked on options for staff to work from home. We implemented a system in May 2020 that successfully allowed phone staff to work from home and this remained in place for the rest of the 2019–20 financial year.

We continue to refine and improve the way we present information to charities and we offer a range of educational materials in different formats, including written guides, templates, webinars and podcasts to assist them.

New resources in 2019–20 included:

- the [Governance Hub](#) – a single point of access on the ACNC website for all governance resources
- the [Governance Toolkit](#) – a collection of resources that help charities manage four risk areas: financial abuse, cybersecurity, working with partners, and safeguarding vulnerable people
- a new monthly e-newsletter, [The Charitable Purpose](#), for registered charities and subscribers which replaced the fortnightly Commissioner's Column and ACNC Quarterly.
- a central repository of information, guidance and resources [for charities during the COVID-19 pandemic](#).

32,602



calls
answered

13,362



written enquiries
received

In 2019–20, we broadcast 8 webinars, including:

- *Charity Fraud Awareness* – a look at fraud and how to prevent it, part of the ACNC campaign for Charity Fraud Awareness Week.
- *Reporting to the ACNC* – an overview of reporting requirements in the lead-up to the Annual Information Statement due date.
- *How the ACNC investigates charities* – an overview of the ACNC investigation process, how we respond to public concerns and the action we can take.
- *Charities and the bushfire disaster response* – an effort to help charities that had received an influx of donations or funding in response to the bushfires. We examined some of the risks and issues that these charities may have encountered and offered practical suggestions and solutions.
- *Charities, ACNC and COVID-19* – a collaboration with the ATO which provided an overview of the Federal Government's support for the charity and not-for-profit sectors, and the ACNC approach to charity regulation during the pandemic.

In 2019–20, we published 9 podcast episodes, including:

- A four-part series for Australia's Returned and Services Leagues (RSLs) that provided advice and tips to help RSLs understand their responsibilities as charities.
- A three-part series in response to the bushfires in which ACNC Commissioner Dr Gary Johns addressed charity operations, disaster fundraising, and some of the prevailing myths and misinformation.
- A discussion with Free 3D Hands founder Mat Bowtell about the way his charity successfully shifted its focus during the COVID-19 outbreak to meet new challenges.
- An exploration of the findings from the Australian Charities Report 2018 and what it says about the state of the sector in Australia.

Communicating with charities and the public

Australian charities make an invaluable contribution to communities and their work reaches into every corner of our lives. To do this important work, charities need a regulator that listens, understands and communicates in an appropriate way.

We engage with charities, the public, and the sector in formal and informal ways and through a range of channels. We listen to feedback our customers provide us via our Advice Services line and aim to make our guidance, activities and data as accessible and transparent as possible.

Stakeholder engagement

By listening to charities and sector representatives, we gain information that helps us to shape our work and inform our approach to regulation.

We convene two key forums through which we seek feedback on policies, guidance and tools the ACNC develops for charities, as well as views on the regulation of charities and insights into emerging issues that affect the sector.

By listening to charities and sector representatives, we gain information that helps us to shape our work and inform our approach to regulation.

The Adviser Forum (formerly called the Professional Users Group) is comprised of professional advisers to the charity sector such as legal and accounting professionals. The Sector Forum (formerly called the Sector Users Group) comprises representatives from registered charities. Each forum met three times in 2019–20.

In August 2019 the ACNC hosted the annual Regulators Day after the Annual Charity Law Association of Australia and New Zealand Conference. This was an opportunity to hear about the Government's response to the ACNC review and the reform agenda for the

charity sector as well as talk to the sector about the ACNC's priorities for the year with a focus on becoming the premier data agency for the sector.

This will be achieved by sharing the information charities provide us through the Annual Information Statement with charities, researchers, policy makers and the public.

In 2019–20 the ACNC reviewed the way we interact with the Adviser and Sector Forums to ensure a consistent and consultative approach; this included a revision of the Charter for each forum which are published on our website.

Our Executive and senior leadership team had 23 speaking engagements and attended 130 meetings with charities (11 of which were regional in Albury, Nowra and Tasmania), sector representatives and peak bodies in 2019–20.

ACNC.GOV.AU

As a digital-by-default regulator our online engagement is critical to our communications. Our website had over 12 million pageviews this financial year, underscoring its importance as a communication channel for charities and to assist the public to understand the work charities do. During the pandemic, charities relied on the ACNC for accurate information about government support available and our regulatory approach. We established a COVID-19 page that housed all the relevant information in one central location.

Our website had over 12 million pageviews this financial year, underscoring its importance as a communication channel for charities and to assist the public to understand the work charities do.



Charity Register

The Charity Register is a valuable source of information about charities for people working in the sector and for the Australian community who support the sector. The 3.2 million searches on the Charity Register reflect the public's growing awareness of the Register as a resource. Its importance as a tool was highlighted during the bushfire crisis when Australians used it to search for and verify registered charities.

In 2019–20, we began a project to enhance the Charity Register by including information about charities' programs.

The ACNC's vision of creating a 'Charity Marketplace' is to provide more detail about the work charities do and where they do it. We will ask charities to provide information about their programs in the 2020 Annual Information Statement, which will become part of the Charity Register.

We will use a common classification language that will help people search the Charity Register more effectively, help charities and donors find each other and increase the transparency and accountability of the sector.

This project will help improve the usefulness of the Charity Register, bring the work of charities to a wider audience and help increase trust and confidence in the sector.

Media and social media

Media and social media are important channels for communicating with the public. Our Commissioner provided extensive media comment throughout the bushfire crisis that helped direct people to the ACNC Charity Register and correct misinformation about legitimate charity operations.

As well as responding to 253 media inquiries, the ACNC received more than 1800 online media mentions and the Commissioner wrote several opinion pieces.

Our following on our social media platforms continues to grow and we regularly receive questions and help charities through these channels as well as providing timely news direct to our audiences.

10,700



Twitter followers

Charity Register
had more than



3 million searches

1,800+



media mentions

Case study 3

Governance Hub



Good governance is essential for running an effective, accountable and transparent charity. To help charities with governance, we established the 'Governance Hub' on our website in August 2019. The Governance Hub is a one-stop shop for all the ACNC's governance resources. It includes guidance on the Governance Standards and the External Conduct Standards, a Small Charities Library, key publications Governance For Good and Managing Charity Money, as well as a new suite of resources on specific areas of governance called the 'Governance Toolkit'.

The Governance Toolkit provides guides and templates to help charities manage four important risk areas: financial abuse, cybersecurity, working with partners and safeguarding vulnerable people. Complementing the wealth of information in the guides, the Governance Toolkit features short quizzes on each topic as a way of helping boards and CEOs in charities review their knowledge of the risk areas. Charity boards and CEOs can use these to undertake their own assessment and to ensure they are aware of the risks to their charity and confident in meeting their regulatory obligations.

A well-governed charity is better placed to deliver its programs effectively and efficiently and meet its regulatory obligations. The Governance Hub was developed to provide charities with the tools, resources and knowledge they need to establish good governance practices in every aspect of their work.

Since its launch, the Governance Hub has had over 100,000 visits, helping thousands of charities to understand and meet their obligations.

The range of resources, all designed to help charities manage their governance, are available at acnc.gov.au/governance.

Priority 3: To promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector

Performance measure	Target	Result
<p>Reduce unnecessary regulation for charities by simplifying and streamlining reporting</p> <p>2019–20 Treasury PBS page 203</p> <p>2019–20 ACNC Corporate Plan page 7</p>	<p>The Regulator Performance Framework demonstrates a reduction in unnecessary regulation for charities</p>	

Analysis of performance

Reduction of red tape

Using the 2019–20 Regulator Performance Framework self-assessment, the ACNC Executive assessed the ACNC's performance as 'very good'. This self-assessment was validated by an approved consultation mechanism, which comprises the views of the Adviser Forum and the Sector Forum.

The self-assessment highlighted achievements during 2019–20, including:

- publication of the Australian Charities Report 2018, the sixth edition, demonstrating the social and economic contribution of Australian charities both at home and abroad
- transparent decision-making, particularly with reasons for unfavourable regulatory decisions and independent reviews of decisions when objections are raised
- proactive engagement with charities where analysis indicated an increased risk of non-compliance.

The self-assessment also highlighted areas where the ACNC should continue to focus its efforts, including:

- improvements to the ACNC's website, forms and the Charity Portal to ensure they help reduce compliance costs for the charity sector

- resources to help charities understand and address governance risks
- implementation of the legislative review and performance audit recommendations.

Once approved, this self-assessment will be available at [acnc.gov.au](https://www.acnc.gov.au).

The ACNC continued to work with other government agencies in 2019–20 to streamline the reporting required of charities across jurisdictions. Highlights included:

- the [Associations Incorporation and Other Legislation Amendment Bill 2019 \(Qld\)](#) being introduced into the Queensland Parliament. The bill was passed on 16 June 2020 and will relieve Queensland charities of duplicated annual financial reporting under the *Associations Incorporation Act 1981* (Qld) and the *Collections Act 1966* (Qld).
- bilateral negotiations with several states to reduce red tape for fundraisers in their jurisdictions
- a joint response to the DGR Reform initiatives with the Department of the Treasury and the ATO. This reform will remove four DGR Registers and transfer oversight to the ACNC.



4 · External scrutiny



External scrutiny

People who are dissatisfied with the outcome of an internal review of a decision or who have a complaint about our service can escalate their concerns.

We conduct an internal review of a decision following an 'objection' being submitted by the charity affected by the decision. Our internal reviews are conducted by a different person to the one who made the original decision. An internal review decision is known as an 'objection decision' under the ACNC Act.

Administrative Appeals Tribunal review

If a charity is dissatisfied with the ACNC's objection decision, they can apply for a review by the Administrative Appeals Tribunal (AAT). In 2019-20, two applications were made to the AAT for review of a decision. Those applications are proceeding.

Court appeal

If a charity is dissatisfied with an AAT decision, they can appeal to the Federal Court on questions of law. A charity can also appeal objection decisions directly to the Federal Court. In 2019-20 the ACNC was not subject to any court appeals.

Senate Estimates

In 2019-20, we appeared with Treasury before two Senate Estimates hearings of the Senate Standing Committee on Economics and responded to 37 questions on notice.

Freedom of Information

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

In 2019-20 the ACNC received 28 FOI requests.

Performance Audit

The ANAO tabled the report [Regulation of Charities by the Australian Charities and Not-for-profits Commission](#) on 31 March 2020. This report was a welcome endorsement of the ACNC's achievements since it was established in December 2012. The report also provided valuable insights to assist us to continue to improve our regulatory approach.

5 · Corporate governance



The Commissioner

The ACNC Commissioner is a statutory office holder. The Hon Dr Gary Johns was appointed Commissioner of the ACNC on 1 December 2017 for a five-year term.

The ACNC Act (Part 5-2) provides for the establishment of the Commissioner's position, functions and powers, including terms and conditions of appointment.

Internal governance and risk management

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

Our Commissioner sets the ACNC's direction and priorities and produces a corporate plan and annual performance statements.

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

Our Enterprise Risk Management Framework and guidelines were reviewed in 2019 and are based on the ATO Enterprise Risk Management Framework. They align with the ATO's Risk Management Policy.

The ACNC comprises six directorates as well as the Executive. Each directorate has quality assurance processes and records its activities through business reporting obligations.

We attended the ATO Audit and Risk Committee meeting six times. Our Management Committee met four times in 2019-20, as did the ACNC sub-committee of the ATO Audit and Risk Committee.

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 ATO includes information regarding fraud prevention as required by section 10 of the *Public Governance, Performance and Accountability Rule 2014* in its annual report.

Ecologically sustainable development and environment performance

The ACNC's facilities and some of our assets are provided by the ATO under various agreements. We adopt the ATO's environmental policies and the performance of those policies is included in the ATO's annual report.

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 the Department of Finance guidelines.

The ATO assists us by providing financial and taxation management services through a memorandum of understanding.

We manage our financial affairs within the Department of Finance guidelines and ATO protocols.

Our 2019-20 appropriation was \$16.09 million. Our operating expenditure for 2019-20 was \$14.6 million.

Table 5.1 sets out our expenditure by cost centres. The ATO prepares annual financial statements in accordance with subsection 43(4) of the PGPA Act, which includes the ACNC's financial information.

Table 5.1: Direct expenditure by cost centre 2019–20

Cost centre	Staff costs (\$'000)	Supplier costs (\$'000)	Total (\$'000)
Executive	865	162	1,027
Advisory Board	15	131	146
Registration	2,307	2	2,309
Corporate Services	572	1,685	2,257
Education and Public Affairs	689	82	771
Advice Services	1,484	72	1,556
Information Technology	846	1,540	2,386
Reporting and Red Tape Reduction	786	7	793
Compliance	1,792	16	1,807
Legal and Policy	529	19	548
Deductible Gift Recipient Reform	791	179	970
Litigation	0	46	46
Total	10,673	3,941	14,614

Compliance reporting

In the 2019–20 financial year there were no significant instances of non-compliance to report.

Asset management

We have our own appropriation which provides financial transparency. Our assets are managed in accordance with the ATO's policies and are reported in the ATO's financial statements.

Purchasing and consultancies

We make decisions regarding our budget independently of the ATO. We purchase the goods and services required to support our operations using the ATO's procurement policies and processes, in line with the requirements of the PGPA Act. This includes consultancies, contractors, travel, information technology, legal and advertising. The ATO includes the procurement details in its annual report. All contracts provide for the Auditor-General to have access to the contractor's premises.

In 2019–20 we entered into one new consultancy contract involving total actual expenditure of \$8,800 for specialist business advice. The value of contracts and consultancies is available on the AusTender website. The ATO's annual report has further details on other procurement.

Procurement initiatives to support small business

We support small business participation in the Commonwealth Government procurement market.

We ensure that procurements are communicated in clear language, presented in an accessible format and do not unfairly discriminate against Small and Medium Enterprises (SME). We recognise the importance of ensuring that small businesses are paid on time. We use electronic systems and corporate credit cards to facilitate timely payments to suppliers.

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

Grants

We did not award any grants in the 2019–20 financial year.

Advertising

We did not conduct any advertising campaigns in the 2019–20 financial year.

6 · Our people



Our people

We are a national regulator that operates primarily from one location in Melbourne. We are proud of the expertise and contribution of our diverse workforce, which has helped us deliver quality services to the charity sector and the Australian public.

ACNC staff

As at 30 June 2020 the ACNC full-time equivalent (FTE) staff number was 93.56.

Table 6.1: FTE by cost centre

Cost centre	FTE
Executive	5
Advice Services	15.42
Corporate Services	5.82
Compliance	16.62
Registration	22.86
Information Technology	7
Education and Public Affairs	4.92
Reporting and Red Tape Reduction	5
Legal and Policy	5.92
Deductible Gift Recipient Reform	5
Total	93.56

Table 6.2: Headcount by classification level and gender

Classification	Female	Male	Gender X	Total
APS4	11	9	0	20
APS5	15	3	0	18
APS6	15	15	0	30
EL1	14	10	0	24
EL2	3	4	0	7
SES1	1	0	0	1
COMM	0	1	0	1
Total	59	42	0	101

Table 6.3: Headcount by employee type

Employee type	Headcount
Statutory appointee	1
Ongoing full time	81
Ongoing part time	14
Non-ongoing full time	5
Non-ongoing part time	0
Secondment from ATO full time	0
Secondment from ATO part time	0
Total	101

ATO staff

The ACNC is the independent regulator of charities in Australia and is staffed by ATO employees, please refer to the ATO annual report for the full suite of staff statistics.

Diversity and inclusion

We recognise that one of our greatest assets is the diversity our staff bring to the organisation. By embracing our differences, we support everyone to realise their full potential.

Building an inclusive workplace promotes improved productivity, greater creativity and innovation, higher employee wellbeing and engagement, and leads to reduced employee turnover. It is also important that we reflect the community we regulate.

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

We have programs to support an inclusive work environment, which includes a focus on:

- Aboriginal and Torres Strait Islander peoples
- people living with disability
- women
- people from culturally and linguistically diverse backgrounds
- lesbian, gay, bisexual, transgender and intersex people
- mature-aged people.

We encourage our managers and employees to report bullying, harassment and discrimination, and are confident in their ability to identify and report inappropriate behaviour.

Indigenous staff

We use and support the ATO's Reconciliation Action Plan 2018–20, currently being updated, which includes activities to improve opportunities to empower Aboriginal and Torres Strait Islander staff and suppliers. Our activities also included supporting NAIDOC week and offering cultural awareness training.

We aim to maintain a minimum of two Aboriginal Liaison Officer positions and endeavour to achieve Aboriginal and Torres Strait Islander staffing levels that reflect the proportion of registered charities that are ATSI-controlled (approximately 5%), as stated in our Aboriginal and Torres Strait Islander Communities Engagement Strategy Action Plan.

As at 30 June 2020, we had four ongoing staff members that identify as Indigenous Australians.

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

Staff with a disability

We are committed to building a disability-confident culture by developing the right attitudes, behaviours, systems and knowledge to support the inclusion of all current and prospective employees with disability. We use and support the ATO's Diversity and Inclusion Plan 2017–19.

Table 6.4: The salary ranges available for ACNC employees by classification level at 30 June 2020

Classification	Lower	Upper
APS1	\$48,036	\$53,052
APS2	\$54,321	\$60,202
APS3	\$61,825	\$66,701
APS4	\$68,871	\$74,748
APS5	\$76,778	\$81,394
APS6	\$82,898	\$95,181
EL1	\$106,183	\$115,762
EL2	\$127,787	\$152,214

Separation and recruitment

In 2019–20, our staff retention rate was 77.10%. This is a decrease on the 2018–19 rate of 92.1%.

Reward and recognition

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

Training

We run an academic support program called the Higher Value Education program. This program provides financial support for accredited training. In 2019–20 we provided our staff with a range of targeted training courses, including courses on government investigations, professional writing, and management.

Enterprise agreement

The ACNC operates under the ATO Enterprise Agreement 2017, which complies with the APS-bargaining framework. It aims to promote efficiency and effectiveness, to contribute to achieving the organisation’s policy and program outcomes, and to enhance the quality of employees’ work-life balance.

Executive remuneration

The ACNC Commissioner's remuneration is determined by the Remuneration Tribunal.

The PGPA Rule about executive remuneration has been amended to improve the transparency of Commonwealth executive remuneration arrangements in annual reports. For the purposes of the PGPA Act, the ACNC is listed as a program of the ATO. However, the ACNC Commissioner is not included in the ATO's annual report. For completeness of information and greater transparency, the ACNC Commissioner's total remuneration for 2019–20 was \$332,550. Other ACNC Executive remuneration arrangements adhere to the ATO's Senior Executive Service guidelines and are set out in its annual report.

ACNC Advisory Board member remuneration

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

Appendix A



Appendix A – PGPA Rule annual report requirements for 2019–20

This table sets out requirements for non-corporate Commonwealth entities to include in their annual reports for the 2019–20 reporting period. Page references which show the locations of the requirements in this report are provided for easy reader access.

The ACNC is not a non-corporate Commonwealth entity under the PGPA Act, with the Commissioner of Taxation being the Accountable Authority for the ACNC. Wherever possible we adhere to the following requirements:

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
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	iii
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	iv–v
17AJ(b)		Alphabetical index.	Mandatory	61
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	59–60
17AJ(d)		List of requirements.	Mandatory	50–58
17AJ(e)		Details of contact officer.	Mandatory	ii
17AJ(f)		Entity's website address.	Mandatory	ii
17AJ(g)		Electronic address of report.	Mandatory	ii
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	2–3

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity	Mandatory	8–9
17AE(1)(a)(ii)		A description of the organisational structure of the entity	Mandatory	12–13
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	18
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	18
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority.	Mandatory	10, 40
17AE(1)(aa)(ii)		Position title of the accountable authority or each member of the accountable authority.	Mandatory	10, 40
17AE(1)(aa)(iii)		Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	10
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Mandatory for Portfolio departments	N/A
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.	If applicable, mandatory	N/A
17AD(c)	Report on the performance of the entity			
	Annual Performance Statements			
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	17–36

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	39–42
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	41
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			
	Corporate governance			
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	40
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	40
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	40
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	40

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	40–42
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	N/A
External scrutiny				
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	38
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	38
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	3, 38
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	3, 38
Management of human resources				
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	44–48
17AG(4)(aa)		Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: a. statistics on full-time employees; b. statistics on part-time employees; c. statistics on gender; d. statistics on staff location	Mandatory	45

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: a. statistics on staffing classification level; b. statistics on fulltime employees; c. statistics on part-time employees; d. statistics on gender; e. statistics on staff location; f. statistics on employees who identify as Indigenous.	Mandatory	45
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	47
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	48
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	47
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	47
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	N/A
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

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
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	N/A
Purchasing				
17AG(6)		An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	42
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	42
17AG(7)(b)		A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	Mandatory	42
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	42

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
17AG(7)(d)		A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."	Mandatory	42
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				
17AG(10)(a)		A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	42

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	42
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory	N/A
Financial statements				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	41
Executive remuneration				
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2 3 of the Rule.	Mandatory	48
17AD(f)	Other mandatory information			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	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	42

PGPA Rule Reference	Part of Report	Description	Requirement	Page number
17AH(1)(b)		A statement that "Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."	If applicable, mandatory	N/A
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	46
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	38
17AH(1)(e)		Correction of material errors in previous annual report	If applicable, mandatory	N/A
17AH(2)		Information required by other legislation	Mandatory	38

Glossary

AAT	Administrative Appeals Tribunal
AC	Companion of the Order of Australia
ACNC	Australian Charities and Not-for-profits Commission
ACNC Act	<i>Australian Charities and Not-for-Profits Commission Act 2012 (Cth)</i>
Annual Information Statement	The annual statement that registered charities are required to provide to the ACNC.
ANAO	Australian National Audit Office
ASIC	The Australian Securities and Investments Commission
ATO	Australian Taxation Office
ATSI	Aboriginal and Torres Strait Islander
APS	Australian Public Service
Board	ACNC Advisory Board
CATSI Act	<i>Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth)</i>
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	As part of the ACNC's 'report once, use often' approach to reporting, the ACNC has established the 'Charity Passport' to share all the ACNC's publicly available charity information, including financial information, across government agencies.
Charity Portal	An online portal that enables registered charities to update their details and submit reports to the ACNC.
Charity Register	A freely available, online public database of information about the charities registered with the ACNC.
CP	Corporate Policy

DGR	Deductible Gift Recipient
Dr	Doctor
FTE	Full-time equivalent staff number
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1982 (Cth)</i>
IPS	Information Publication Scheme
Hon	The Honourable
IT	Information technology
MP	A member of parliament
MOU	Memorandum/a of Understanding
NFP	Not-for-profit
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013 (Cth)</i>
Registered charity	A charity registered with the ACNC. Referred to in this report in context as a 'charity'
SES	Senior Executive Service

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