

2017-18 CORPORATE PLAN



Australian Government



Australian
Charities and
Not-for-profits
Commission

Contents

1. Message from the Commissioner	1
2. Purposes	2
3. The ACNC's vision, values and priorities	3
4. Operating environment	4
5. Performance	6
6. Capability	9
7. Managing our risks	10
Attachment 1: ACNC values underpinning our regulatory approach	12
Attachment 2: Our regulatory approach	13
Attachment 3: Glossary and Acroynms	14

Contact us

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

GPO Box 5108
Melbourne VIC 3001

© 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).

1. Message from the Commissioner

Charities and not-for-profits are a vital contributor to the Australian community and economy

The 54,000 registered charities in Australia are an increasingly important part of the economy. Analysis of data charities provide to the ACNC reveals that they hold \$176 billion in assets and employ over one million Australians - eight percent of the nation's workforce. The income of the not-for-profit (NFP) sector is larger than that of the agricultural sector and employs five times the number of people employed in the mining sector. Around three million people volunteer in charities each year. Australia's NFP are on average, growing at a faster rate than for-profit or public sector organisations. This growth is the outcome of a number of factors, primarily the result of governments continuing to outsource services to NFP providers, including those in education, welfare, disability, housing, and health. Of the \$134.5 billion income earned in 2015, approximately \$55.5 billion came from government grants, \$67.5 billion from earned income and \$11 billion from donations and bequests. The ACNC's vision is 'charities that inspire confidence and respect'. Promoting trust and confidence in charities, streamlining reporting and reducing red tape are the cornerstones of our approach to regulation and central to supporting a vibrant sustainable charity sector. Our approach is also underpinned by helping charities to meet their obligations, embed good governance practices and support transparency by the provision of freely available, accurate information about charities to the community.

As the ACNC approaches the end of its fifth year of operation with an assured future it also approaches a significant milestone in its establishment. Our focus in the next planning cycle is to consolidate our operations and contribute to the revision of our legislation. The *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (the ACNC Act) and the *Australian Charities and Not-for-profits Commissioner (Consequential and Transitional) Act 2012* (Cth) are subject to a mandatory review at five years – in December



2017 and a report provided to the Minister within six months. The review will provide an opportunity for the ACNC to take stock of its operations and the potential for the government to improve the legislation the ACNC administers and to correct unintended consequences identified in the initial legislative drafting.

I present the 2017-18 Australian Charities and Not-for-profits Commission corporate plan, which covers the periods of 2017-2021, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* and 130.5 of the ACNC Act. This Corporate Plan covers the ACNC's next four years from 1 July 2017 to 30 June 2021 and sets out our organisational vision, values and priorities. It builds on the work completed in establishing the ACNC and is central to our governance and reporting framework.

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.

A handwritten signature in black ink that reads "Susan Pascoe". The signature is written in a cursive, flowing style.

Susan Pascoe, A.M.
ACNC Commissioner

2. Purposes

This Corporate Plan sets out the corporate direction for the Australian Charities and Not-for-profits Commission (ACNC) for the four year period and explains how it will meet its statutory obligations.

The ACNC is the independent regulator of charities at the Commonwealth level. The ACNC Act sets out the ACNC's 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; and
- to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

To achieve its objects the ACNC carries out functions that include:

- maintaining a public register of Australian charities;
- registering new charities and deregistering those which are no longer entitled to registration;
- collecting information on charities annually and updating the register;
- receiving and acting on complaints about registered charities;
- monitoring charities for compliance with legal requirements;
- providing advice and guidance to charities and the public to enhance the transparency and good governance of the sector; and
- driving the reduction of unnecessary or duplicative regulation and reporting.

The ACNC Act and Regulation require most registered charities to meet a number of obligations:

- to report annually to the ACNC in an Annual Information Statement;
- to comply with the Governance Standards; and
- to notify the ACNC of various changes including details of their responsible persons (generally formal office bearers such as directors or board members), name, address for service and governing rules.

This plan sets out our vision, values, and priorities. It builds on the work completed under our previous plans and is central to our governance and reporting framework. The following sections outline the ACNC's operating environment and provide details of the objectives, plans and strategies that govern our activities.



3. The ACNC’s vision, values and priorities

Our vision and values inform the way that charities and the broader community can expect that we will engage and interact with them. They also establish the standards for ACNC staff. We uphold the Australian Public Service (APS) Values as set out in the *Public Service Act 1999* (Cth). We aim to achieve our purposes by setting priorities driven by our core activities and supported by enabling services and a positive risk culture.



4. Operating environment

Charities, from small local volunteer run organisations to large global organisations with millions of dollars in revenue play a crucial role in society. In Australia, and overseas they educate, advocate, and provide faith, health and welfare services as well as supporting rich cultural and arts sectors. These organisations operate in a dynamic environment influenced by economic and social change, policy at all levels of government, changes in funding models and donor behaviour, and the increasing dominance of technology which presents both opportunities and challenges for charities. The changing nature of the operating environments of charities can also place pressure on charities viability and sustainability.

The Australian public entrusts charities to manage funds appropriately and deliver on their charitable purposes. Good governance and transparency is fundamental to strong sustainable charities to ensure robust foundations from which to effectively deliver for beneficiaries. It is the role of Boards or Management Committees to ensure the proper governance of their organisations. As the regulator of charities the ACNC has a role in supporting charities to embed good governance in their practices and to meet their obligations under the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act) and the *Australian Charities and Not-for-profits Commission Regulation 2013* (Cth) (ACNC Regulation). The ACNC produces a wide range of guidance and education material to encourage best practice governance.

At the forefront of the ACNC's regulatory approach is a commitment to engage meaningfully with charities, sector peak bodies and advisors about sector issues and regulatory initiatives and to seek feedback on our performance as a regulator. The ACNC was established as a 'digital by default' regulator therefore much of our engagement with charities is online or via our telephone advice service, but we also provide opportunities for stakeholders to speak directly to the ACNC via a range of events and forums. The aim of our multi-channel service delivery model is to promote a client centred culture with empathy for the charity sector and the skill and knowledge to assist charities to solve issues quickly.

The ACNC believes the vast majority of registered charities are well run, operate capably and professionally and improve the lives of countless people. We also recognise the reputation of the sector can be easily damaged by bad behaviour by a small number of individuals involved with charities. The ACNC Act has a range of regulatory powers to ensure charities meet their obligations and the application of these is underpinned by principles of procedural fairness. When we make a decision, we will give written reasons for that decision to the charity or person affected. We will tell the charity or person affected how they can seek review of a decision. The ACNC believes that there should be zero tolerance of fraud and corruption in the sector and that charities must have proper measures in place to





protect children and vulnerable adults. We work closely with charities, peak bodies, and state and federal government agencies to educate the sector, investigate potential breaches and take enforcement action when necessary.

Increasingly people donating to charities, want to know that their money will be used effectively and will make a difference to the cause that they support. Charities are also required to be accountable to government for grants and services they provide and regulatory obligations across the Commonwealth, states and territories. The ACNC works collaboratively across government to reduce red tape and duplicative reporting for charities, which in turn reduces their administrative overheads. In the time since the ACNC's establishment we have made progress reducing red tape for charities including:

- South Australia now exempts ACNC registered charities from incorporated associations reporting, fundraising reporting, and fundraising licensing.
- Tasmania exempts ACNC registered charities that are incorporated associations from financial reporting.

- The Victorian Government passed the Consumer Acts Amendment Act in May 2017 that will allow the Minister to exempt certain ACNC charities from reporting directly to Consumer Affairs Victoria. The ACNC is continuing to work with Consumer Affairs Victoria to streamline reporting requirements
- The Australian Capital Territory (IACT) passed the *Red Tape Reduction Legislation Amendment Act 2017* (ACT), which significantly reduces red tape for charities in the ACT. These changes, which commenced on 1 July 2017, exempt charities from fundraising licencing and regulation. It also exempts charitable associations from reporting and updating their address details with Access Canberra.

The ACNC will continue to work with the Commonwealth, state and territory governments to further harmonise regulatory requirements for charities. The data provided by charities is used to improve public understanding of the work of charities and their contribution to communities. To do this we share charity information freely with the public, stakeholders and governments via the searchable charity register, open source data, the charity passport, as well as via reports analysing the Annual Information Statement data which are published each year.

5. Performance

The ACNC administers the ACNC Act and the *Charities Act 2013 (Cth)*. Our vision of charities that inspire confidence and respect will be pursued through three Corporate priorities identified for the period 2016-20 that will enable us to work towards achieving the objects set out in the ACNC Act.

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

Corporate goal	Our priorities	Performance Criteria	2017	2018	2019	2020
The charity register contains only charities that are entitled to be registered	New charities are registered and included on the charity register	<ul style="list-style-type: none"> Meet published service standards for processing registration applications 	Y	Y	Y	Y
	Charities identified as being ineligible to be registered are removed from the charity register	<ul style="list-style-type: none"> Meet published service standards for finalising investigations 100% of charities with two outstanding AIS's are removed from the register biannually 	Y	Y	Y	Y
Registered charities meet their obligations under the ACNC Act and the Charities Act	ACNC operates in accordance with a clearly articulated risk framework and risk based approach to charity registration, and compliance activities	<ul style="list-style-type: none"> Policies and business processes align with the ACNC's Regulatory Risk Framework and risk based approach 80% of registered charities lodge their AIS on time 	Y	Y	Y	Y
The Australian public recognise the ACNC as a primary source of information about charities	Public trust and confidence survey is completed	<ul style="list-style-type: none"> Public trust and confidence survey finds increasing recognition of the ACNC and its role 	Y	N	Y	N
	Charity Register and website use increases	<ul style="list-style-type: none"> Charity Register and website use increases by 10% 	Y	Y	Y	Y

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

Corporate goal	Outcomes	Performance Criteria	2017	2018	2019	2020
The ACNC is a best-practice charity regulator	Make evidence based, consistent, transparent, legally sound decisions that can withstand external scrutiny	<ul style="list-style-type: none"> Quality assurance processes demonstrate decisions align with the regulatory approach and are legally sound 	Y	Y	Y	Y
	Complete an internal review of the effectiveness of the ACNC legislation to enable the ACNC to meet the objects of the Act	<ul style="list-style-type: none"> Provide a submission to the reviewers of the first five years of operations of the ACNC legislation 	Y	N	N	N
Education materials are developed in response to issues identified through stakeholder engagement and information gathered through the registration process, advice services, reporting and compliance	Information, guidance and advice provided to charities to help them understand their obligations and support good governance is timely accurate and accessible	<ul style="list-style-type: none"> Enquiries are responded to according to the published service standards Quality assurance reviews of advice provided by staff meet a 75% or higher rating 	Y	Y	Y	Y
Information on the Charity Register is accurate and accessible, increasing transparency and informing policy	Information provided by charities in Annual Information Statements is examined for accuracy	<ul style="list-style-type: none"> 100% of financial information in the AIS (excluding Annual Financial Reports (AFRs)) are examined for material errors Charities that collectively hold 80% of the sector's revenue and/or assets are each manually reviewed to confirm completeness of annual financial reporting At least 150 AFRs are selected for detailed review to confirm compliance with ACNC financial reporting requirements 	Y	Y	Y	Y
	Data about charities collected by the ACNC is compiled and published in comprehensive reports about the contribution charities make to society	<ul style="list-style-type: none"> The ACNC analyses charity AIS data and releases at least one report to the public Open source data about registered charities is up to date and available on data.gov.au 	Y	Y	Y	Y

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

Corporate goal	Outcomes	Performance Criteria	2017	2018	2019	2020
Reporting obligations for charities are simplified and streamlined	<p>Improve data exchange arrangements to reduce red tape by simplifying and streamlining reporting for charities in highly regulated sectors and aligning obligations for state and territory regulated charities to enable report once-use-of-often reporting for the purposes of:</p> <ul style="list-style-type: none"> • State revenue • Fundraising • Incorporation 	The Regulator Performance Framework demonstrates a reduction in red tape for charities.	Y	Y	Y	Y



6. Capability

People

The ACNC has been acknowledged as a leader in charity regulation both in Australia and Internationally. ACNC has an average APS tenure of 6.42 years. 63% of our staff are female and 33% of our workforce staff is under 40 years of age. We engage staff with experience or knowledge of the charity and not-for-profit sector as well as regulatory expertise and promote a people centred culture that models ACNC values, understand the vision and purposes and work collaboratively to achieve corporate priorities. To support our staff deliver the corporate priorities during a period of change we will focus on leadership, change management, continuing to attract and retain a diverse staffing mix, developing our regulatory expertise and embedding a culture of knowledge management to keep corporate knowledge within the agency.

We promote equity and aim to have a staffing mix representative of the diversity in the Australian community and to bring different perspectives to the way we work. We support staff to develop their potential, performance and talent and ensure they have the right skills and capabilities to deliver best practice innovative regulatory services.

Information Communication Technology (ICT) capability and capital investment

The ACNC was established as a 'digital by default' agency. In 2016 we identified capability gaps and technical hard-limits in our existing Information and communication technology (ICT) systems which support the public charity register as well as provide services to the charity sector to enable reporting. In 2016-17 we commenced work to implement our ICT roadmap and migrated our systems to a cloud platform to improve system stability. For the 2017-18 year, the ACNC received \$2.979 million in capital funding to enable the ACNC to implement a new ICT system that will create significant efficiencies across the business and improve the customer experience. The new system will provide the capacity and capability necessary for the ACNC to continue to meet its legislative and regulatory requirements, through an integrated and business-fit platform that is scalable, agile to business change and sustainable.

Managing our resources

The ACNC carefully manages its resources to ensure efficient delivery of its objectives. The ACNC is not a Commonwealth entity for the purposes of the Commonwealth Resources Management Framework and the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*. The Australian Taxation Office (ATO) is a listed entity of which the ACNC is part of for PGPA Act purposes. The ACNC Commissioner sets the direction and priorities of the agency and produces an ACNC Corporate Plan and Annual Performance Report.

Division 125 of the ACNC Act 2012 established an ACNC Special Account which is an appropriation mechanism that notionally sets aside an amount within the Consolidated Revenue Fund to be expended for the purposes of the ACNC Act. The ATO Administers the ACNC Special Account on behalf of the ACNC in accordance with Department of Finance guidelines. The balance of the Special Account does not lapse at the end of the annual appropriation period. The ATO provides back office financial management, human resources and property management services to the ACNC according to MOU agreements. These shared services arrangements contribute to reduced overhead costs for the ACNC.

The ACNC has engaged additional contract staff to enable delivery of its ICT transition project and prepare for the 5 year review required by the ACNC (Consequential and Transitional) Act (16) to commence in December 2017. This means the ACNC will be above its average staffing level of 110 at the beginning of the 2017-18 financial year which will enable us to address the large body of work required and then reduce staffing numbers down to the ASL level of 110 during the second half of the year to ensure affordable resourcing is in place for the 2018-19 financial year when it is anticipated funds available to deliver ACNC priorities will reduce.

7. Managing our risks

The ACNC aims to foster a positive risk culture where the 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), and align with the Commonwealth Risk Management Policy.

The ACNC Executive and Management Committee maintain day to day responsibility for identification, monitoring and treatment of risks and the Audit and Risk Committee maintain risk oversight. We have identified five key areas of risk which may impact our ability to achieve our objectives which are set out below.

Charity Regulation

In exercising its regulatory powers and functions, the ACNC operates in accordance with a risk-based regulatory framework focussing on our integrity as a regulator and the quality of our decision making under the Act. We give consideration to the particular circumstances of different charities and where possible support them to comply with their obligations. In exercising our powers and functions, we focus on both the risks and evidence before us and have regard to the principles of regulatory necessity, reflecting risk and proportionate regulation. This approach is set out in the ACNC Regulatory Approach Statement and supported by the ACNC Policy Framework. These documents are available on our website.

Customers, stakeholders and engagement

One of the hallmarks of a good regulator is that it knows the sector it regulates whilst being mindful of the risks of regulatory capture on its independence. The ACNC engages in a high level of engagement with charities via its multi-channel advice service and formal stakeholder engagement forums. Clear service and conduct expectations are in place for staff and formalized mechanisms for engagement help ensure appropriate

professional relationships are maintained. Communications channels are effective utilising a range of mechanisms from face to face through to social media engagement. The ACNC was formally recognised for its excellence in this area in 2016 winning the Institute of Public Administration's Digital Transformation Award.

Engagement with state and commonwealth government also drives the ACNC's red tape reduction program which focuses on reducing the administrative burden on charities and the potential savings to agency budgets. As the ACNC does not have explicit powers to achieve administrative simplification it relies on developing productive working relationships via bilateral negotiations to reduce duplication for charities and achieve its red tape reduction objective.

ACNC Governance

The ACNC Act and the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act (Cth 2012)* must be reviewed at five years in December 2017. This is an opportunity to reflect on the progress the ACNC has made in the five years since establishment, ensure the charity regulator continues to meet the needs of the Australian community and that we continue to improve as a best practice regulator. The ACNC has three key program delivery areas – Compliance, Registration and Advice Services. Each area has quality assurance processes in place to monitor performance. The ACNC also fosters external scrutiny via its stakeholder engagement groups and engages external auditors from time to time to review operational areas.

Our internal processes and financial management practices ensure efficient use of resources and

effective corporate governance so the ACNC meets its obligations as a government entity conducting a regulatory role. The ACNC has an in house legal team with responsibility for monitoring compliance with and providing legal advice to the business with regards to compliance with the legislation the ACNC administers consistently with administrative law requirements. Their role includes providing training to staff and providing advice to the Commissioner and staff. The ACNC has a policy framework in place which is published on our website.

Knowledge and Information

Data is central to the ACNC operation and success as a regulator. Data collected by the ACNC informs our service delivery and approach to communicating with charities, enables us to identify risk and pursue abuse of charity registration status, and provide transparency to support trust and confidence in the sector via our public register. We undertake comprehensive analysis of the charity sector in Australia to better understand its contribution to the community and inform policy

and program development. Data and ICT will be a major focus for the ACNC in 2017-18 with funds made available to upgrade our systems to improve functionality, reliability, and the customer experience. This opportunity also comes with risks that will be managed by an experienced project team and executive oversight to ensure a successful transition and effective project management and governance of ICT, charity data and records.

People and culture

Our people underpin our reputation as a regulator with the sector. Maintaining high calibre, knowledgeable, diverse and resilient staff who undertake their responsibilities with integrity and embrace innovation and change is critical to our success. We are committed to fostering and maintaining a positive workplace and to ongoing learning and professional development in the pursuit of excellence in regulatory practice and customer service.



Attachment 1: ACNC values underpinning our regulatory approach

The ACNC uses its powers in accordance with the values outlined in this statement in a way that reflects both the risks and the evidence before us. In exercising our powers and functions, we have regard to the matters specified in Section 15-10 of the ACNC Act, including the regulatory principles of regulatory necessity, reflecting risk, and proportionate regulation. The ACNC's regulatory approach reflects our five key values of: Fairness, Accountability, Independence, Integrity and Respect (FAIRR). Integrity is central to our values and work.



Attachment 2: Our regulatory approach

The regulatory pyramid summarises the ACNC's regulatory approach, which is consistent with the regulatory principles of necessity and proportionality. The ACNC aims to only exercise those powers which are necessary to meet the regulatory objective. Much of our work involves providing information, support and guidance to help charities comply with their obligations. However, the regulatory response will ultimately be informed by the nature, significance and persistence of the contravention or non-compliance identified. The ACNC will act swiftly and firmly where vulnerable people or significant charity assets are at risk, where there is evidence of serious mismanagement or misappropriation, or if there is a serious or deliberate breach of the ACNC Act.



Attachment 3: Glossary and acronyms

- *ACNC* – Australian Charities and Not-for-profits Commission
- *ACNC Act* – the *Australian Charities and Not-for-Profits Commission Act 2012* (Cth) and the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* (Cth). This legislation established the ACNC and sets out its powers and functions.
- *Advice Services* – telephone and email help service provided by the ACNC to customers
- *Annual financial report* – the annual financial report that medium and large registered charities must submit to the ACNC which contains the audited/reviewed financial statements and notes, audit/review report and signed responsible persons' declaration for the reporting period
- *Annual Information Statement* – the annual statement that registered charities must submit to the ACNC which contains information about a charity's operations for the reporting period
- *ATO* – Australian Taxation Office
- *Charity passport* – all of the ACNC's publicly available charity information, including financial information contained in a file transfer protocol (FTP) process and enables authorised government agencies to access ACNC charity data for the purpose of reducing red tape for charities
- *Charity portal* – an online service where registered charities can update their details and lodge their AIS charity.acnc.gov.au/
- *Charity Register* – a consolidated database of all charities that have met the ACNC's legal meaning of being a charity and other requirements under the ACNC Act
- *Charities Act 2013* (Cth) – the Charities Act
- *Commissioner Columns* – fortnightly subscription newsletter published by the ACNC
- *Governance Standards* – a set of minimum governance requirements that charities must meet. These are set out in the ACNC regulations
- *Professional User Group* – a group of professional advisors to the charitable sector and government representatives who meet quarterly with the ACNC to consider matters of procedure, publications and sector interaction that assist the ACNC to improve its regulation
- *Public trust and confidence survey* – an independent study undertaken on behalf of the ACNC to examine public trust and confidence in Australian charities acnc.gov.au/trustandconfidence
- *Red tape* – relates to the regulatory obligations on the Australian not-for-profit sector
- *Registration* – the process of becoming a registered charity
- *Regulatory approach* – how the ACNC approaches its role as an independent charity regulator acnc.gov.au/ACNC/Regulatory/Reg_approach.aspx?
- *Regulatory performance framework* – sets out the government's commitment to reduce the cost of unnecessary or inefficient regulation: www.cuttingredtape.gov.au/resources/rpf
- *Sector User Group* – a group of representatives from the charitable sector to the charitable sector and government representatives who meet quarterly with the ACNC to consider matters of procedure, publications and sector interaction that assist the ACNC to improve its regulation.
- *Staff portal* – browser based system for staff to access the ACNC's enterprise software

acnc.gov.au