

2018–19 CORPORATE PLAN



Australian Government



Australian
Charities and
Not-for-profits
Commission

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1. Message from the Commissioner

I was appointed as the Commissioner for the Australian Charities and Not-for-profits Commission at an important point in the regulator's development. 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) (ACNC Act) were subject to a five year review which commenced in December 2017. A report on the review findings and recommendations was required to be made to the Minister by 31 May 2018. This report is to be laid before each House of the Parliament within 15 sitting days of its receipt.

This Corporate Plan sets out the ACNC corporate priorities for the next four years, being mindful that if the review of the ACNC Act results in legislative or regulatory change, it will require the ACNC to review and adjust its corporate priorities accordingly.

My priorities for the next phase of the Commission are to:

- improve donor accessibility to data collected by the ACNC so that they can find like charities on the Charity Register and make valid comparisons of charity performance
- seed questions that donors could ask of responsible persons in charities to ensure that they are considering their purpose and their activities
- implement the deductible gift recipient (DGR) system reforms
- review the ACNC core business operations to ensure it can deliver its priorities with a smaller budget.



I present the 2018–19 Australian Charities and Not-for-profits Commission Corporate Plan, which covers the periods of 2018–2022, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act). This Corporate Plan 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.

A handwritten signature in black ink, appearing to read 'Gary Johns'.

Hon. Dr Gary Johns
ACNC Commissioner

2. Purposes

This Corporate Plan sets out the corporate priorities 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 activities 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 concerns 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 *Australian Charities and Not for profits Commission Regulation* (ACNC 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

There are over 55,000 charities on the ACNC Charity Register working in a dynamic environment. How charities operate and how the ACNC operates in relation to them is influenced by charities themselves, changes in government legislation and policy, and the resources available to deliver priorities.

Charities make a significant financial and social contribution to society. Australia's charities deliver services, make grants and perform a wide range of other activities to advance health, education, welfare, religion and other charitable causes in Australia and overseas. The majority of Australia's charities are small (67%) and are run substantially by volunteers. Over one-third (39.8%) have annual revenue less than \$50,000. 16% of charities have revenue between \$250,000 and \$1 million and 17% have more than \$1 million in revenue.

In 2016–17 the ACNC registered 2,887 new charities and revoked the charity status of 3,810 charities. Some charities, such as disability services, are undergoing structural adjustment in response to government policy changes including the introduction of the National Disability Insurance Scheme (NDIS). These adjustments mean charities may need to redesign their business models and could result in some charities merging and others closing. Charities compete for available funding from government and donors and contend with a shrinking and ageing volunteer workforce. The wider community expect charities to demonstrate good governance and to operate in an efficient and effective manner. They want charities to be prudent about administrative costs and make an impact in the fields in which they operate. Operational transparency provides donors and volunteers with information to inform decisions about which charities they will support.

The ACNC's work in registering charities, supporting good governance, making the charity data we collect publicly available, investigating complaints and revoking charity registration when required, contributes to transparency, a reliable picture of the charity market and public trust

and confidence in charities. We work with other agencies in our red tape reduction initiatives to streamline reporting requirements reduce the administrative burden and costs to charities.

Legislative review and new policy initiatives

In December 2017 the Commonwealth Government announced a number of changes to the deductible gift recipient (DGR) system. As of 1 July 2019, it is intended that all non-government DGRs will be automatically registered as charities with the ACNC. The four existing DGR registers will be integrated with the ACNC Charity Register to limit duplication of reporting requirements. The Government also intends to issue External Conduct Standards, to be supervised by the ACNC.

In 2017–18 the Government undertook a review of the *Australian Charities and Not for profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* after the first five years of operation. A report on the review's findings and recommendations is required to be made to the Minister by 31 May 2018.

Implementation of the DGR reforms and any recommendations from the review of our legislation will be a key focus for the ACNC over the next four years. Reforms will result in changes to the way the ACNC and charities operate. The ACNC will work with charities to ensure a smooth transition with clear guidance and support through the process.



Fiscal settings and new technologies

Across Government, the operating environment continues to be one of smaller budgets, increasing devolution of government functions, new technologies, and increasing expectations from the public. New funding is usually provided with additional responsibilities.

The ACNC was established with a Special Account. The Special Account is an appropriation mechanism that notionally sets aside an amount within the Consolidated Revenue Fund (CRF) to be expended for specific purposes as determined by the establishing legislation. The balance of the Special Account does not lapse at the end of the annual appropriation period (i.e. any unexpended amounts carry over to the next period and is not required to be returned to the Consolidated Revenue Fund). In the first three years of operations the ACNC accumulated unspent funds in its special account due to delays in establishment, a period of uncertainty about the ACNC's future and restrictions placed on Australian Public Service recruitment. The ACNC unspent funds were then allocated across the 2016–18 years and will nearly be exhausted at the end of June 2018, resulting in an effective reduction of approximately two million dollars in available funds for the 2018–19 financial year.

The ACNC will need to deliver its objectives with fewer resources than have been available for a number of years. We are reviewing our service standards and core business practices and building in efficiencies through new IT systems to enable us to continue to deliver priorities with the reduction in available funding.

At the same time as needing to streamline our core regulatory delivery functions, government announcements about DGR reform means the ACNC will be provided with additional funds to implement this new program of work commencing in the 2018–19 financial year.

5. Performance

The ACNC administers the ACNC Act and the *Charities Act 2013 (Cth)* (the Charities Act). Our vision of charities that inspire confidence and respect will be pursued through three Corporate priorities identified for the period 2018–21 that will be delivered with support from our enabling services.

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

Corporate goal	Our priorities	Performance criteria	2018	2019	2020	2021
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 revoked and 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 75% of registered charities lodge their AIS on time 	Y	Y	Y	Y
The ACNC is a best-practice charity regulator	Decisions are evidence based, consistent and transparent	<ul style="list-style-type: none"> Quality assurance processes demonstrate decisions align with the regulatory approach and are legally sound 	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"> 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 	Y	Y	Y	Y



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

Corporate goal	Our priorities	Performance criteria	2018	2019	2020	2021
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	Data about charities collected by the ACNC is made available to the public in an accessible format	<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 	Y	Y	Y	Y

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

Corporate goal	Our priorities	Performance criteria	2018	2019	2020	2021
To reduce the administrative burden on charities	Reduce red tape for charities by simplifying and streamlining reporting	The Regulator Performance Framework demonstrates a reduction in red tape for charities.	Y	Y	Y	Y

6. Capability

Managing our resources

The PGPA Act establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting and applies to all Commonwealth entities. The ACNC is not a Commonwealth entity for the purposes of the Commonwealth Resources Management Framework and the PGPA Act. It is considered part of the Australian Taxation Office (ATO) for PGPA Act purposes.

The ACNC Commissioner sets the direction and priorities of the agency, determines how resources will be allocated and produces an ACNC Corporate Plan and Annual Performance Report. The ACNC Special Account established by Division 125 of the ACNC Act 2012 is administered by the ATO in accordance with Department of Finance guidelines. Our financial management arrangements, accommodation and HR services are substantively provided by the ATO via MOU arrangements for supply of back office services.

The funds that accumulated in the special account across the 2012–2015 financial years were allocated across the 2015–2018 financial years. The unspent funds will nearly be exhausted at the end of the 2017–18 financial year which will result in an approximate \$2 million reduction in available funding in 2018–19. The ACNC has revised its priorities and resource allocation for 2018–19 to ensure the Commission continues to operate within its funding envelope.

People

The ACNC promotes a people centred culture that models the ACNC values, understands the vision and purposes, and works collaboratively to achieve our corporate priorities. 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. Our agency is committed to:

- fostering and maintaining a positive workplace and to our ongoing learning and professional development
- working collaboratively to deliver on our mission and priorities
- a consistent and thorough approach that drives innovation, creativity and growth for our customers, our colleagues and ourselves
- continuous attention to customer service.

We support 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. The ACNC has an average APS tenure of 6.42 years. 63% of our staff are female and 63% of our workforce are under 40 years of age.

Information Communication Technology (ICT) capability and capital investment

The ACNC received \$2.979 million in capital funds in the 2017–18 budget to replace its core business systems including content management, online forms and customer relationship management. The new systems will provide customers and stakeholders with improved performance, usability and accessibility when using our website, Charity Register and Charity Portal. The new systems will also create significant processing efficiencies for the ACNC and provide a more stable, sustainable and scalable platform for the ACNC and its customers.



7. Managing our risks

The ACNC Risk Management Framework was reviewed in 2018 and provides tools to guide a consistent and proportional approach to prioritising and managing enterprise risk. Our approach to risk management considers factors that affect charities as well as those that affect how we work as an organisation.

The tolerance of risk for ACNC operations will vary depending on the operating environment, the nature of the work being undertaken and be willing to accept risk. The risk tolerances for the ACNC as a whole are set by the Commissioner and the Executive and reviewed annually. The Management team has overall responsibility for monitoring and managing operational risk. The ACNC identifies five key areas of risk which may impact our ability to achieve our objectives which are set out below.

ACNC governance

The ACNC Governance Framework is determined by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012*.

Our internal legal team provide legal advice to the ACNC in relation to compliance with the legislation the ACNC administers, administrative law and other legal obligations. Their role includes training staff on the ACNC Acts and ACNC Regulation and providing advice to the Commissioner and staff. The ACNC has a policy framework that is published on our website. The outcomes of the review of the ACNC Act and ACNC Regulation will present an opportunity to improve our regulatory governance in key program delivery areas.

We work closely with the Australian Taxation Office which provides our back-office services, particularly in the areas of Finance and Human Resources to ensure we meet the requirements of the PGPA Act. Our internal policies, processes and financial management practices ensure efficient use of resources and effective corporate governance.

The key resource risk is that the ACNC will have a reduced capacity to deliver its core regulatory work due to a reduction in available funds in the special account. We need to continue to streamline operations, and adjust service levels, to deliver our priorities with a reduced resource base. It is anticipated that the new IT systems will contribute significant efficiencies to work practices within the ACNC and reduce customer demand.

Charity regulation

The ACNC regulates charities for the benefit of the public and will intervene if charities are not meeting their obligations. Charities are publicly accountable for the funds they receive and the privileges they enjoy as a result of their registered charity status. The ACNC recognises that most registered charities are set up for charitable purposes and are run by dedicated, capable people who make a valuable contribution to the community. The ACNC targets its compliance resources and enforcement powers at the most serious risks – those most likely to undermine trust and confidence in the sector, and where intervention will have the greatest impact. Our approach to regulation is reflected in the ACNC Regulatory Approach Statement and supported by the ACNC Policy Framework. The Commissioner's Policy Statements inform the public and provide staff guidance on making decisions under the ACNC Act. It sets out how the ACNC will make decisions to ensure high quality decision-making and promote consistency in decisions. These documents are available on our website.

The key risks relating to regulation include maintaining core delivery of charity regulation within statutory timeframes whilst implementing the



government's DGR reforms and taking into account outcomes of the review of the ACNC legislation. We will also need to ensure adequate guidance and support is provided to charities so they can meet any changed obligations with minimal disruption to delivering their charitable purposes.

Customers, stakeholders and engagement

A good regulator knows the sector it regulates without allowing itself to become subject to regulatory capture. It explains clearly the rules that charities need to comply with through the provision of guidance. This promotes voluntary compliance. The ACNC engages with charities via its multi-channel advice service, formal stakeholder engagement forums, speaking engagements and attendance at relevant conferences. The ACNC works across government in pursuit of its objectives, particularly to share information to reduce red tape and make our compliance work as efficient and effective as possible where there is regulatory crossover.

People and culture

Our people matter and we promote a positive workplace attitude that celebrates diversity and models the Australian Public Service values. We seek to recruit high calibre candidates and invest in learning and development to provide our staff with the tools and skills they need to deliver our

regulatory services and to support our pursuit of regulatory excellence. Our key people risk is retaining high calibre, knowledgeable staff during a period of change to our fiscal position, internal system changes and the implementation of new government policy initiatives.

Knowledge and Information

The ACNC collects a large amount of data from charities to determine eligibility for registration as a charity and to confirm ongoing eligibility to remain registered. The Australian public entrusts charities to manage funds appropriately and deliver on their charitable purposes. The majority of the data collected is published on the ACNC website where donors, volunteers and researchers can make use of it to better understand the charity sector. Charities, and researchers can analyse data to evidence work undertaken by the charity market.

In 2018–19 the ACNC will upgrade its data collection and warehousing technology to make it easier for charities to report, improve accessibility of data for the public via the Charity Register and enable the ACNC to better use data to improve its operations as a regulator. The key risks include effective project management that minimises disruption to our business operations and delivers on time, Information and Communications Technology governance, and appropriate management of charity data including correctly publishing data and protecting private information provided by charities.

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 Australian Charities and Not-for-Profits Commission Regulation 2013

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/regulatoryapproach

Regulatory performance framework – sets out the government's commitment to reduce the cost of unnecessary or inefficient regulation: 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