

Hot Topics

- Feedback from the sector indicates that the issues the sector is most concerned about are:
 - Ability to advocate
 - Changes to and consultation about the draft PBI CIS
 - Stakeholder engagement and consultation
 - Ability to access ACNC data for research purposes
 - Performance metrics – not meeting targets
 - Reviews of DGR endorsed charities – how they were being conducted

Performance

- The goals and performance targets of the ACNC are set out in our corporate plan each year.
- In the 2021-22 year the ACNC:
 - Met or exceeded eight of eleven performance measures
 - Partially met two performance measures – 80% or more of the target was achieved with some elements met and issues managed
 - One performance measure about answering calls was not met.
- 50% of calls were answered within 4 minutes (our service target is 80%). We acknowledge that this needed to improve, and we have taken a number of steps to improve performance including:
 - Increasing the number of staff in the relevant area, increasing frequency of recruitment to better maintain staffing levels
 - Engaging a business analyst to work with the team to review systems and processes and identify opportunities to increase automation and streamlining to create efficiencies
 - Scheduling staff to take calls at specific times during the day.
- The service standards for 2022-2023 Quarter 1 have significantly improved due to the changes made. Improvements have also resulted from a decrease in the impact of Covid on resources.

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- In the last quarter, calls answered in four minutes increased to 93% (an increase of 38%), wait times decreased to 46 seconds (a decrease of 406 seconds) and written enquiries responded within seven days increased to 87% (an improvement of 39%).

Measures/targets in the 2021/22 financial year

- 50% of calls were answered within 4 minutes (target 80%) - see above
- 68% of Annual Information Statements were submitted on time (target 75%). This is the percentage of AIS submissions lodged by their due date, calculated at the end of each reporting period (30 June). This calculation has been used since the 2017-18 annual report (in that annual report, 72% of AIS submissions were on time).
- 83% of new charity registrations were completed within agreed timeframes (target 90%). Several factors affected our ability to meet this performance measure, including the integration of deductible gift recipient (DGR) reform work and the onboarding of extra staff to help with new and upcoming work.
- 78% of investigations were completed within 12 months, exceeding the service target of 75%
- 250 financial reports were reviewed
- 96 investigations were finalised
- 55 compliance risk reviews were conducted (target 50)
- The enhanced Register was launched on in March (it was live from Dec 21)
- 2% of DGR endorsed charities were reviewed in accordance with our commitments
- Guidance was developed or updated as required. We published new resources relating to:
 - key management personnel
 - the 2022 Annual Information Statement
 - safeguarding vulnerable children overseas
 - DGR reforms which require most DGR endorsed entities to be registered with the ACNC.
 - We produced 7 webinars, 3 podcasts and 51 news articles

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- The Australian Charities Report 8th edition, which maps the size and contribution of the sector, was published in June 2022 – based on data from the 2020 reporting period. The data showed a major rise in total sector revenue and expenses, illustrating the effects of the pandemic and bushfires on charities. Total revenue in the sector rose to \$176 billion, an increase of \$10 billion on the previous year but expenses also increased by 10.2 billion.
- Red tape reductions were made including changes to charity size which reduced the reporting burden for around 5,000 as well as changes to fundraising and reporting obligations.

Key statistics in the 2021/22 financial year

- We received 6,015 registration applications in 2021-22 and of those we registered 3,152 charities – up from 2,659 registrations in the previous year.
- 2,522 concerns about charities were received. Concerns included inappropriate advocacy, individuals obtaining private benefits from charities (24%) and mismanagement of funds (18%).
- Outcomes from 96 investigations included the ACNC revoking 15 charities' registration for serious and ongoing non-compliance.
- The ACNC continued its stakeholder engagement which included 178 meetings with charities and sector representatives and 41 speaking engagements.
- The ACNC answered 20,449 calls and 13,165 written enquiries were answered.
- There were more than 5.6 million searches of the Charity Register.
- More than 14 million views of the website.

Registration – DGR endorsement

- Approximately 24,000 of the 60,000 charities registered with the ACNC also hold DGR endorsement.
- Not all charities are eligible for DGR endorsement, and historically not all DGR endorsed entities have sought charity registration.

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- From 14 December 2021 most entities holding DGR endorsement are required to be registered with the ACNC – the exceptions are ancillary funds, DGRs that are specifically listed in tax law and government entities.
- If a DGR endorsed entity affected by the new provisions wishes to retain its DGR endorsement, it must apply to register with the ACNC by 14 December 2022.
- If an entity is unable to do so (for example, because changes to enable it to meet ACNC registration eligibility requirements will take a longer time), it can apply to the ATO for a 3 year extension. Extension applications must be lodged by 14 December 2022.

Reviews of DGR endorsed charities

- The reviews of DGR endorsed charities are part of reforms announced in 2017 where the ACNC is funded by Government to review 2% of DBR endorsed entities annually.
- The reforms aimed to:
 - Ensure tax concessions are only provided to eligible entities
 - Increase donor confidence that donations will be applied to a charitable purpose
 - Protect the integrity of the ACNC charity register
 - Encourage charities to periodically self-assess their entitlement to registration.
- PBIs comprise over 40% of DGR endorsed registered charities and play a role in supporting our most vulnerable communities.
- We are currently reviewing our communications that explain these reviews in response to feedback received.

Advocacy

- Charities can advocate if it furthers their charitable purpose, and they don't endorse a particular party or candidate. Promoting or opposing a change in the law – distinct

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from supporting or opposing a specific candidate – is a recognised charitable purpose in its own right.

- The ACNC provides advice to charities that may be undertaking political advocacy. We take an education first approach.
- In the lead up to the last federal election, we received nearly 500 concerns from the public about charities who were perceived to be promoting various political candidates or parties.
- In 2022 we spoke with 20 charities to ensure they understood the difference between endorsing a specific candidate or party and advocating in line with their stated mission—their charitable purpose: 19 were in the lead up to the last Federal election.
- Our guidance on advocacy, and on charities, elections and political advocacy, explain the rules in detail and are available on our website.

Review and updating Commissioner's Interpretation Statements (CIS)

- Commissioner's Interpretation Statements guide charities and the public on how the ACNC understands, interprets and applies common law and legislation as it relates to specific, complex aspects of charity law.
- As part of a rolling review of all Commissioner's Interpretation Statements, in June 2022 the ACNC released two draft CIS for consultation:
 - Public Benevolent Institutions
 - Health Promotion Charities.
- The ACNC is consulting widely on these documents to ensure they are clear, helpful and an accurate reflection of the law. This involves assessing written submissions, collating feedback and conducting virtual and in person workshops.
- The original date for submissions was 30 August 2022. We extended this date to allow time for further submission. To date we have received 34 submissions.
- The ACNC will thoroughly review all submissions in relation to the PBI and HPC updates and will publish a comprehensive summary of matters raised.

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- We have not set a date for publication of the revised draft or final documents. Until they are published, the sector can rely on the CIS on the ACNC website.

Basic Religious Charities (BRC)

- In their 2020 Annual Information Statement, 8,210 charities (17% of all charities) reported being a BRC with 7,719 not providing any financial information.
- A 'Basic Religious Charity' is a registered charity whose only purpose is advancing religion. A charity cannot be a BRC, if it is; a corporation or an incorporated association under state legislation; a Deductible Gift Recipient; has received over \$100,000 in government grants in a financial year, or; if it should have signed up for the National Redress Scheme and has not done so.
- Only a small number of charities that advance religion meet all of these criteria.
- BRCs don't need to answer financial information questions in their [Annual Information Statements](#), submit annual financial reports (regardless of size), or comply with the [ACNC Governance Standards](#). BRCs were exempted from these requirements for policy reasons when the ACNC legislation was first drafted in 2012. A BRC may choose to submit financial information, and if it does so it must conform to the same auditing standards as other charities of a similar size.
- In Oct 2022 [Crikey](#) published a series of articles regarding religious organisations with BRC status, calling for the flow of generous taxpayer support to be stemmed. It referred to several major multinational religious charities that benefit.
- The ACNC administers the law, as set by Parliament, in relation to BRCs. Current legislation does not provide the Commissioner with any discretion to impose additional expectations or obligations on BRCs. While we appreciate there are different views on the appropriate setting of reporting and governance requirements for BRCs, the ACNC does not have a fixed view on whether change is appropriate.

Community Forums

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- Representatives from the ACNC attended some of the Building Community Forums hosted by the Assistant Minister for Competition, Charities and Treasury:
 - 15 August 2022 – Sydney – Anna
 - 16 August 2022 – Melbourne – Deborah and Anna
 - 18 August 2022 – Perth – Anna
 - 22 August 2022 – Brisbane – Deborah
 - 23 August 2022 – Adelaide – Anna
 - 29 August 2022 – Hobart – Anna
 - 30 August 2022 – Canberra – Deborah
 - 15 November 2022 – Darwin – Sally
- The forums allowed ACNC to engage with a large number of charities in one place and to get feedback and suggestions.
- Overall, the feedback we received about the ACNC was positive, with people particularly referencing our advice and the guidance available on our website.
- In general, the conversations were future-focused with people asking what's next for the ACNC and the sector.

Data and research

- The ACNC Charity Register contains freely available data on 60,000 registered charities -including financial information, programs, sources of revenue, location, and beneficiaries..
- We have a commitment to share charity data through various channels including data.gov.au, the Australian Charities Report and interactive data cube published on our website each year.
- We also share data across state and commonwealth agencies as part of our red tape reduction and report-once-use-often priority – examples include the recent Queensland NSW fundraising sharing.
- The ACNC has made significant progress on improving the quality of data on the register since establishment and it will continue to be a key focus.

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- The major system upgrade in 2018 introduced validation into online forms. Our current forms include validation that significantly reduces errors such as between charity size and total revenue reported.
- Data integrity initiatives run across the ACNC covering issues such as:
 - identifying charities with cancelled ABNs,
 - incorrectly reporting as Basic Religious Charities,
 - missing key information (such as governing documents and responsible people), and
 - evaluating the quality and accuracy of financial data provided by charities in their AIS and in the Annual Financial Report.
- Reviews of charities endorsed as DGRs also contribute to improving the quality of the data on the register by ensuring an alignment between activities-purposes and registered subtypes.
- The Register had 5.6 million visits in the 2021/22 financial year – an increase of 31% from the previous year
- We produce the Australian Charities Report annually with the last one being published using 2020 data in 2022 (referred to as the 8th Edition).
- Originally the Australian Charities Report was outsourced at a significant cost (approximately \$163k for the 2016 report (which included two sub-reports - Growth and Change in Australia's Charities 2014 to 2016 (May 2018) and Australia's Grant-making Charities in 2016 (March 2018)). This does not include the cost of staff time in project management and support of the data analysis and production of the reports.
- The outsourcing was in part because our forms did not have any inbuilt data validation and therefore the error rate was higher. Since 2017, we have produced the Charities Report in-house. This is more cost effective, and internally, we have a deeper understanding of the dataset.

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- We previously produced a Compliance Report but it was discontinued after the 2018 edition as much of its content was available through other sources such as the Annual Report, public data sets, guidance and Regulatory Approach statement.
- The ACNC is a member of the NFP Researcher Network formed by a group of scholars with a deep interest in the charity and Not-for-profit sectors. The ACNC attends the quarterly meetings and chairs one meeting annually.

Staffing and culture

- ACNC staff are employed under the *Public Service Act 1999* by the Commissioner of Taxation, specifically for the purpose of assisting the ACNC Commissioner, and are therefore also bound by the employment conditions of ATO employees.
- As at 30 June 2022 our headcount was 122.
- The ACNC had an ASL cap of 120 and manages staff within affordable budget. At 30 September 2022 we were tracking at 108.68 ASL for the rolling 12 months.
- Retention for 2021-22 year is 80.5% (Turnover 19.5%), a drop compared to 91.5% retention for 2020-21 (primarily due to COVID).
- We currently have 12 non-ongoing staff that are engaged for specific terms across the ACNC to supplement the ongoing workforce for measures that are temporarily funded, including government initiatives such Deductible Gift Recipient reform measures, Commission Review Program and Modernising Business Registers.
- We have one additional specialist project role responsible for the development of online learning packages to build capability in the sector which is filled using labour hire.
- The ACNC supports a hybrid working model where staff work from the office at least 40% of the time. We will continue to adapt and remain flexible whilst ensuring we meet the needs of our staff, teams and stakeholders.
- There is a strong and engaged culture at the ACNC where over 80% of ACNC staff participated in APSC 2022 Employee Census. The results will be published on the

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APSC website by the end of November 2022 and on the ACNC website by 23 November 2022.

- The overall engagement of staff has remained stable at 78% with no variance since the previous Census (2020-21). This result has progressively increased since 2018-19 where this score was 71%, then 75% and then 78%.
- 96% of staff have a clear understanding of how their roles contribute to achieving outcomes for the Australian Public and strongly believe in the purpose and objectives of the ACNC.
- 91% of staff rate the ACNC's success in meeting goals and objectives. This has increased from 79% in the last census.
- An action plan with three key priority areas (innovation, staff consultation and diversity, inclusion, and wellbeing) has been developed in consultation with staff and will be implemented over the upcoming year.
- [The ACNC Culture Vision for 2022-2025](#) was released in October 2022, with a commitment to collaboration and service captured by the idea of One ACNC.

Travel

- Total travel costs for 2021-22 were \$30,808 Total travel costs include all fares (international and domestic), travel allowances, accommodation and taxi fares. In the 2021-22 financial year, due to COVID-19 there were lockdowns, border closures and travel restrictions which limited travel.
- As at 30 September 2022, \$25,828 in travel costs have been incurred for the 2022-23 financial year.
- Since 1 August 2022, the Acting Commissioner who was appointed on an interim basis and who is based in Sydney travels to the ACNC in Melbourne and to other cities to meet stakeholders as appropriate.

Fundraising

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- The ACNC does not regulate fundraising – it is regulated at a state and territory level. Because of this, the specific definition of fundraising can vary between states and territories.
- The ACNC sees the oversight of fundraising activities as a vital aspect of good charity governance.
- The ACNC works with other state and territory governments and regulators to reduce red tape in regard to fundraising where it can.

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Charities in the media

Generally we don't comment on the circumstances of individual charities, apart from publicly available information. Further, we don't comment on whether we have received a complaint or whether we are investigating any particular charity due to privacy and secrecy obligations.

Australian Future Leaders

- 7 Sept 2022 [Guardian Australia reports](#) Labor cancels \$18m Governor General-endorsed grant to the Australian Future Leaders Foundation – a registered charity.
- 5 April 2022 [ABC news reports](#) questions raised over millions in federal budget funding for charity with no office or staff.
- Director Chris Hartley operated a previously deregistered charity [Gurkha Welfare Fund Australia Ltd](#) but no compliance action against it shown on the Register.

Hillsong

- 17 Oct 2022 [ABC News reports](#) in a defence filed to the Federal Court, Hillsong has denied whistleblower accusations it intentionally deceived the ACNC about its financial records
- 16 Sept 2022 [The Courier Mail](#) reports former pastor Carl Lentz, sacked after reports of sexual misconduct, had so much freedom in running Hillsong NY that the Australian “mothership” appears to bear some responsibility.
- 12 August 2022 [the ABC reports](#) whistleblower Ms Moses was employed as the church's fundraising and governance coordinator on March 25, 2020. She alleged in her statement of claim the church repeatedly breached charity rules, particularly in regard to transferring money to fund overseas projects.
- 20 Sept 2021 [Crikey](#) reports that Hillsong's senior pastor Brian Houston's decision to step aside from Hillsong boards has raised questions about whether or not several of Hillsong's entities might now be in breach of the rules governing charities in Australia.
- Houston stepped aside as a director from 18 or 19 boards in the days after he was charged by NSW Police with concealing information on child sex abuse. Houston strongly denies the allegation.

Australian Solar Energy Society Limited, trading as Smart Energy Council

- [4 May 2022 SMH reports](#) Liberal senator Andrew Bragg has asked the ACNC to urgently investigate whether the Simon Holmes a Court-linked Smart Energy

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Council should be deregistered for what he called “clear, direct and repeated” breaches of laws forbidding charities promoting political parties or candidates.