

14 May 2020

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BY EMAIL: [REDACTED]

Our reference: EXT2020/102

ACNC Submission – Lessons to be learned in relation to the preparation for, response to and recovery efforts following the 2019-20 Australian bushfire season

1. The Australian Charities and Not-for-profits Commission (ACNC) welcomes the opportunity to provide a submission to the Senate Finance and Public Administration Committee's (the Committee's) Inquiry into the lessons to be learned in relation to the preparation for, response to, and recovery efforts following, the 2019-20 Australian bushfire season (the Inquiry).
2. The ACNC has limited its submission to a consideration of:
 - b. The respective roles and responsibilities of different levels of government, and agencies within government, in relation to bushfire planning, mitigation, response and recovery; and*
 - f. existing structures, measures and policies implemented by the Federal Government, charities and others to assist communities to recover from the 2019-20 bushfires, including the performance of the National Bushfire Recovery Agency.*
3. The ACNC was involved in supporting both charities directly affected by the bushfires, and charities responding to bushfire relief and recovery efforts. The ACNC was also involved in guarding against the misuse of charity donations and resources that were intended to assist with bushfire relief and recovery.

About the ACNC and the Charity Sector

4. The ACNC is the national regulator of charities established by the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (**ACNC Act**). The objects of the ACNC Act are to:
 - a. maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector; and
 - b. support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and
 - c. promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.





5. Currently the ACNC's regulatory responsibility extends only to registered charities, as distinct from the wider not-for-profit sector.
6. Just over 57,000 charities are regulated by the ACNC¹. Australia's charities perform a wide range of activities to advance health, education, welfare, and other charitable causes, including emergency relief, and helping animals and the natural environment. The work they undertake is both rehabilitative and preventative in nature. Charities vary greatly in size. 36.6 per cent of charities are very small, with annual revenue of less than \$50,000. 0.4 per cent have annual revenue exceeding \$100 million. About two thirds of charities have annual revenue of less than \$250,000 and half of all charities do not employ any staff, instead relying entirely on volunteers.²
7. Charities are on the frontline of responding to disasters; they provide fire and emergency response services, health and welfare support to humans and wildlife affected by fires, and assist with rebuilding and recovery efforts.

Trust and confidence in the charity sector

8. The ACNC takes seriously its responsibility to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector. The Australian public, and the corporate sector made significant donations to charities to support the bushfire relief and recovery efforts. This gave rise to some public trust and confidence concerns in relation to safe giving, fundraising, the distribution of donations, and charity administrative costs. The ACNC used several channels to provide information and guidance to charities, the public, and the media on a range of risks and issues that could affect public trust and confidence.

ACNC role during the recent bushfire season

9. Charities are typically required to meet certain obligations to maintain their charity registration, including reporting annually to the ACNC via an Annual Information Statement (AIS) and complying with the Governance Standards (a set of core, minimum standards that deal with how charities are run in an accountable and responsible way).³ As the bushfire emergency unfolded, the ACNC took steps to relieve the burden on bushfire-affected charities. The ACNC:
 - a. granted a blanket extension to the due date for the 2019 AIS for charities (approximately 7,000) with an Address for Service in a bushfire-affected area, which allowed such charities to prioritise their charitable activities ahead of some of their administrative obligations.

¹ As at 21 November 2019. See acnc.gov.au for the most current figure for registered charities.

² Australian Charities Report 2017, <https://www.acnc.gov.au/tools/reports/australian-charities-report-2017>

³ Approximately 17% of charities are 'Basic Religious Charities'. Basic Religious Charities do not need to report financial information to the ACNC, including in their Annual Information Statements. Basic Religious Charities also do not need to comply with the Governance Standards.



- b. prioritised applications for charity registration related to the bushfires and provided tailored advice to applicants.
 - c. removed timeframes for applicants in postcodes affected by the bushfires to respond to formal requests for further information to assess their application
10. During the bushfire response and recovery efforts the ACNC:
- a. published three podcasts on bushfire-related topics:
 - Bushfire donations – giving safely and avoiding scams
 - Bushfire donations – challenges for charities
 - Bushfire donations – money going to the cause
 - b. Delivered a webinar aimed at helping charities that received an influx of donations or funding to help conduct bushfire-related relief efforts, which covered the risks and issues that charities may encounter, offered practical suggestions on mitigation strategies, and detailed the ACNC's expectations of how charities operate.
11. The ACNC fielded media enquiries relating to bushfire-related charities including:
- a. In January 2020, the ACNC responded to over 40 bushfire-related media enquiries, providing direct interview where possible and I commented when available.
 - b. I was interviewed by 'ABC Life' on the topic of safe giving to the Australian bushfire relief effort.
 - c. I wrote pieces for *The Australian* and the *Australian Financial Review*, explaining the vital role of the charity sector in responding to disasters, and that the sector is well-regulated.⁴
12. The ACNC accounted for the impact of the bushfires when deciding how to continue ongoing compliance activity, for charities in bushfire-affected areas, and, where appropriate, delayed that activity. The ACNC continues to monitor the role of charities in responding to the bushfires, and it will activate its compliance function when I have genuine concerns that charities are not acting in line with their obligations, including if registered charities may be misapplying or mismanaging donations intended for bushfire relief and recovery. The ACNC also worked with several charities which received significant financial support to ensure they had the guidance they needed to use those donations in a way that aligned with the charity's charitable purposes and the regulatory framework.

Providing information to the National Bushfire Recovery Agency

13. The National Bushfire Recovery Agency (NBRA) was established in January 2020 by the Federal Government to assist in the coordination and delivery of services in response to the bushfire disasters.

⁴ Dr Gary Johns, 'Bushfire generosity will not be betrayed by charities', *The Australian*, 28 January 2020; Dr Gary Johns, 'Charity plus probity is tough gig', *The Australian Financial Review*, 24 February 2020.



14. The ACNC worked with the ATO and Treasury to identify a list of registered charities with deductible gift recipient status that were running bushfire appeals to help donors connect with verified charities. The published list has continued to be regularly updated on the NBRA website.
15. The ACNC is participating in the NBRA Charity Forums with Australian Government agencies, state and territory government agencies, and charities established to aid the coordination of donations and relief and recovery services. The ACNC's role in these forums is to answer any questions about charity regulation that may arise.

Further information

16. The ACNC can provide further information should this be useful to the Committee. The ACNC can be contacted using the email address [REDACTED]

Sincerely,

[REDACTED]

[REDACTED]

Commissioner
Australian Charities and Not-for-profits Commission