



Australian Government



Australian
Charities and
Not-for-profits
Commission



ACNC ANNUAL REPORT 2012–13





Australian Government



Australian
Charities and
Not-for-profits
Commission

Senator the Hon Arthur Sinodinos AO
Assistant Treasurer
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with Division 130 of the *Australian Charities and Not-for-profits Commission Act 2012*, I present this report on the operations of the Australian Charities and Not-for-profits Commission covering the financial year 2012–13.

Yours sincerely

A handwritten signature in black ink that reads "Susan Pascoe".

Susan Pascoe AM

Commissioner
Australian Charities and Not-for-profits Commission

20 September 2013

Snapshot

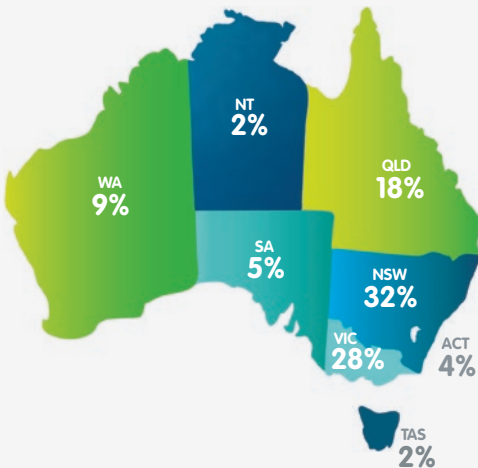


57,672 charities listed
on the ACNC Register
at 30 June 2013

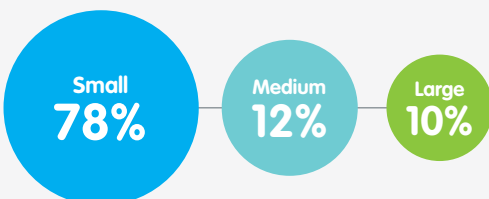


700 newly registered
charities in 2012–13

Newly registered charities by location



Newly registered charities by size



More than
1.2 million
views of acnc.gov.au

Public trust & confidence survey



Around 80% of people surveyed think
a charity register is 'very important'



11.7 days
on average to
register a charity



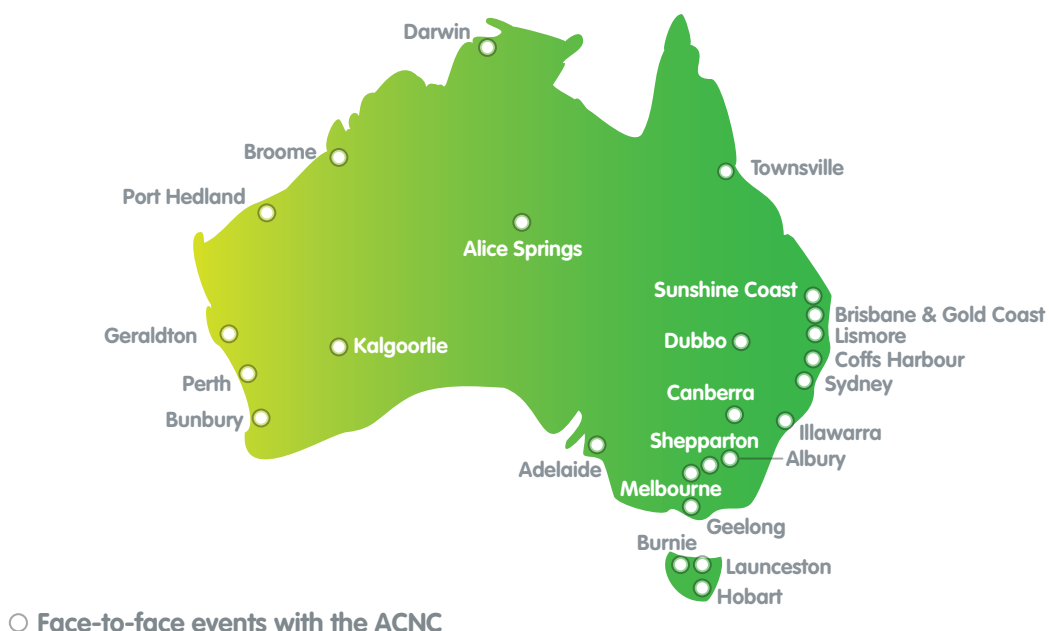
16,373
phone calls answered
by the ACNC advice
service



28,231
items of correspondence
received



Locations of consultations and briefings



Contents

Section 1 **Review by the Commissioner** **1**

Review by the Commissioner	2
Highlights of 2012–13	3
The year ahead	5
Acknowledgements	6
Introduction from the ACNC Advisory Board Chair	7

Section 2 **ACNC overview** **9**

Role and functions	10
Organisational structure	12
ACNC Advisory Board	16
Outcome and program structure	23

Section 3 **Report on performance** **25**

	Service standards	26
Chapter 1	Public trust and confidence in charities	28
	The ACNC Register	28
	Registration	33
	Proportionate and fair: the ACNC's regulatory approach	37
	Public awareness of the ACNC	42
Chapter 2	Supporting charities to be healthy and sustainable	43
	Partnerships	43
	Research	43
	Engaging with charities	44
	Guidance and education	45
	Online	48
	Publications	50
	Advice service	52
Chapter 3	Driving regulatory and reporting simplification	54
	Working with Commonwealth departments, agencies and other regulators	56
	Alignment and harmonisation of state and territory legislation	62
	Reporting to the ACNC	63

Tables and figures

Tables	Table 2.1: Direct expenditure by cost centre, 2012–13	24
	Table 3.1: Service standards performance, 2012–13	26
	Table 3.2: Number of registration applications received, 2012–13	35
	Table 3.3: ACNC community presentations, locations and attendance	46
	Table 3.4: ACNC information and education sessions, locations and attendance	47
	Table 4.1: Employee breakdown, 2012–13	70
	Table 4.2: Employees by classification and gender, 2012–13	70
Figures	Figure 2.1: ACNC organisational structure	13
	Figure 3.1: Newly registered charities by location, 2012–13	35
	Figure 3.2: Charitable subtypes, 2012–13	36
	Figure 3.3: Beneficiaries of charities by group, 2012–13	37
	Figure 3.4: Newly registered charities by size, 2012–13	37
	Figure 3.5: Regulatory pyramid of support and compliance	38
	Figure 3.6: Investigations, 2012–13	39
	Figure 3.7: Social media communications, 2012–13	49
	Figure 3.8: ACOSS survey results – respondents’ priorities for regulatory reform	55



Review by the Commissioner

Review by the Commissioner	2
Highlights of 2012–13	3
The year ahead	5
Acknowledgements	6
Introduction from the ACNC Advisory Board Chair	7

Review by the Commissioner

The Australian Charities and Not-for-profits Commission (ACNC) came into operation on 3 December 2012. This annual report covers the first seven months of our operation to 30 June 2013.

Charities are essential to the wellbeing of the community – they enrich Australia’s culture, strengthen our democracy, contribute to good public policy and advocate on behalf of individuals. They conduct essential work caring for vulnerable people, protecting the environment, educating children, promoting good health and enabling us to practise our faith.

This report demonstrates the unique approach that the ACNC has taken in our dealings with charities. We strive to be a supportive, accessible and responsive regulator. Our aim is to assist the charity sector to meet their obligations as easily as possible, thus allowing them to continue to carry out the important work they do within the Australian community.

In establishing the ACNC it was recognised that the pre-existing regulatory framework was complex and the information requirements imposed by various government agencies were duplicative and burdensome on charities. To address this, not-for-profit (NFP) reform was identified as a government priority.

The establishment of the ACNC through the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act) was a key element of this reform.



Since opening our doors, we have had a dual focus – establishing the daily operations of the ACNC and working towards the achievement of the objects of the ACNC Act, specifically to:

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

This annual report describes the projects and tasks conducted towards the realisation of our goals. It also highlights the achievements we have made so far. In this report we refer to registered charities as ‘charities’ unless the context suggests otherwise.

Highlights of 2012–13

The ACNC Register

The ACNC Register (the Register) is Australia's first national register of charities. Building and populating this was a high priority for the ACNC. The Register is a freely available, credible source of information for both the public and the sector. It supports the first object of the ACNC Act, making it easier to access information on registered charities. It is an invaluable tool for potential donors and volunteers, offering a simple way for people to consider a wide range of charities and have confidence in supporting them.

At 30 June 2013, the Register contained information on 57,672 organisations registered as charities with the ACNC. This number includes newly registered charities and those pre-existing charities transferred from the Australian Taxation Office (ATO) to the ACNC upon our establishment. Since establishment we have registered 700 new charities.

The Register has been welcomed by the community, with many people visiting our website to search for details of registered charities. Advanced search functionality enables users to search against 11 different criteria or combinations of these. For example, it is possible to look for charities by their beneficiary, postcode, town/suburb or date registered.

Over the forthcoming year the Register will be populated further as charities complete their 2013 Annual Information Statement.

Public trust and confidence in charities

Crucial to the ACNC's role in enhancing the Australian public's trust in charities, is an understanding of the current levels of trust in the sector. Accordingly, in 2012–13 we commissioned research that provided us with baseline data on levels of community confidence in charities.

Respondents indicated a relatively high level of trust in charities, ranking them third after doctors and police. Once the ACNC's role was explained to research participants, their level of trust in charities increased significantly.

Results also showed wide public support for a national regulator of charities. Around 80 per cent of participants believed a public register of charities to be 'very important'. Handling complaints about charities was also considered an important function for the ACNC in its work to maintain public trust and confidence in charities.

Results indicated that charities can also increase public trust through transparency about their operations. In particular, people are most likely to trust charities when they believe that the charity:

- is acting in the public interest
- ensures its fundraisers are honest
- creates a benefit for the cause it is working for
- manages its resources both efficiently and ethically
- is open about how it uses its resources.

We will use the research results to inform our work around the first object of the ACNC Act. Repeating the survey in future will allow us to track ACNC performance against this object.

Guiding and educating charities

Throughout the year we supported the sector with extensive face-to-face engagement, guidance products, the ACNC website and our dedicated advice line.

In January and February 2013, we delivered national community presentations which introduced charities and the public to the ACNC. Almost 2,000 people attended these sessions, representing charities throughout the country. Charities used the opportunity to speak directly with ACNC staff and have their questions answered. Many provided positive feedback on the value of these sessions for their charities.

The community presentations were followed with a program of ACNC information and education sessions, delivered mainly in regional centres across Australia. These sessions attracted over 1,500 attendees. A very pleasing result was the positive feedback we received – in particular, participants valued our open and responsive approach. ACNC staff were also available to speak at sector and professional conferences across Australia.

Other guidance and education activities included the development of a suite of publications available on the ACNC website. These comprised factsheets and guides to assist charities with activities such as registration, governance and reporting.

A high priority for the ACNC has been to facilitate the reduction of unnecessary reporting obligations for charities.

Reducing regulatory duplication for charities

A high priority for the ACNC has been to facilitate the reduction of unnecessary reporting obligations for charities. A number of approaches have been adopted including the 'report once, use often' framework and the development of the Charity Passport. To this end, we developed the 2013 Annual Information Statement which charities will use to report non-financial information to the ACNC on their operations for 2012–13. We also conducted detailed consultation on the 2014 Annual Information Statement, which will include financial information.

We met with all state and territory governments to work towards harmonising reporting requirements. Two jurisdictions, South Australia and the Australian Capital Territory, announced their intention to align their regulatory and reporting arrangements for charities with the ACNC. We are currently working with two other jurisdictions on mechanisms to align reporting.

In June we signed two significant memoranda of understanding which will benefit charities through the streamlining of reporting requirements; one with the Australian Securities and Investments Commission (ASIC) and the other with the Office of the Registrar of Indigenous Corporations (ORIC). Both are prime examples of what can be achieved when government agencies work together to streamline regulation and reporting.

Additionally, the ACNC was actively involved in a number of whole-of-government initiatives to simplify and streamline administration for charities. We established the first two of a number of formal working parties based on charity-type (with a third under development). These working parties will map existing reporting requirements for each type of charity, remove duplication and streamline reporting.

The year ahead

Our capabilities

Equally important in our first seven months was the establishment of a positive workplace culture, providing our staff with the tools and environment to deliver on our objectives.

The workforce has been employed to administer the ACNC Act. Staff were provided with extensive training to equip them to perform in their new roles. Progress was made in developing a learning and development framework tailored specifically for the ACNC which will be delivered in 2013–14.

Since our commencement, a key focus has been aligning our core systems and processes to operate effectively. We utilised flexible rostering arrangements, maximising our ability to respond to queries during opening hours of 8 am to 8 pm Australian Eastern Daylight Savings Time and 8 am to 7 pm Australian Eastern Standard Time. This enhanced accessibility for charities and the community in all states and territories, regardless of time zones.

The ACNC embraced social media, enabling staff to interact with the community and the sector across a number of platforms to provide further information and guidance. We also used social media to let the sector know about key engagement opportunities with the ACNC.

Development of the ACNC's IT infrastructure was a priority and will continue to assist us to deliver our ongoing commitments, particularly the Register and the Charity Passport. In preparation for the launch of the expanded version of the Register in July 2013, there was a business-wide focus on updating the database with information received from newly registered charities. This was critical to ensure the Register displayed the required information through its enhanced search facility.

In 2013–14 the ACNC will continue key initiatives such as enhancing the functionality of the Register and communicating the broader benefits that the Register can offer.

Furthering our objective of increasing public trust and confidence, we will launch a mobile version of the Register early in 2013–14 to give the public on-the-go access to information about charities. It will use a mobile-friendly interface and a bespoke search facility to allow for quick access to charity details. This will be further developed in the latter part of 2013 and into 2014.

The *Charities Act 2013* (Cth) (Charities Act) will come into effect on 1 January 2014, providing a statutory definition of charity. With this definition, the ACNC will begin to reassess the charitable status of those charities transferred to us by the ATO on 3 December 2012.

The reduction of unnecessary regulatory and reporting requirements will continue as a priority. Initiatives such as the Charity Passport will reduce the number of times charities have to report to government. The revised Commonwealth Grant Guidelines mandate that Australian Public Service staff administering grants must not seek information already provided to the ACNC by a registered charity. The Charity Passport will be progressively developed and implemented and is expected to come into full effect from December 2014. Similarly, working parties to identify regulatory and reporting duplication will provide specific charity-type red tape reduction.

The 2014 Annual Information Statement will contain financial reports for the first time. Charities will be able to complete their Annual Information Statement online. The online process will enable the ACNC to pre-populate

Acknowledgements

fields where we already have information from the charity. This means much of the 2014 Annual Information Statement will be pre-filled with information from the 2013 Annual Information Statement and will only need amendment if it has changed. Once a charity has lodged its Annual Information Statement, this information will be made publicly available on the Register.

We will continue to offer guidance and support to charities to help them understand any implications of legislation such as the Charities Act and regulations such as governance standards. Advice will be available online and through our phone and email advisory services.

The ACNC will continue its focus on community and sector engagement through online and face-to-face sessions. Relationships with key sector bodies and individuals will be maintained through formal means, such as:

- the ACNC Advisory Board (the Board)
- the ACNC Sector User Group – bringing together representatives of the charity sector and invited representatives of other government agencies
- the ACNC Professional User Group – comprising professional advisers to the charity sector and representatives of other government agencies.

These forums amongst others will enable us to hear issues of concern to the public and the charity sector. In addition we will continue to engage responsively and less formally with charities.

Further development of the functionality of online services will continue, and progressively throughout the year we will increase the number of transactions that charities can undertake online with the ACNC. Empirical research into the actual administrative burden placed on charities will be commissioned and initiatives to sustain the independence and innovation of the sector will be supported.

The establishment and ongoing operation of the ACNC was by no means an individual effort.

I would like to thank and acknowledge the hard work and passion of ACNC staff. Starting a government agency from scratch is no easy feat. It requires tireless dedication, energy, innovative thinking, knowledge and empathy for the sector we regulate. Staff met many challenges, helping to position the ACNC to deliver strongly in the coming years.

On behalf of the ACNC, I would also like to acknowledge and express our gratitude for the support of the Chair of the Board, Robert Fitzgerald AM. Robert has been an advocate for the NFP sector for decades. The 2010 report he chaired on the contribution of the NFP sector for the Productivity Commission was influential in shaping the policy and regulation.

The ACNC is indebted to a number of government agencies. We have a formal relationship with the ATO framed in a memorandum of understanding for back office service delivery. The ATO played an important role in the initial work to establish the ACNC. We are grateful for their ongoing support. Additionally I would like to recognise the significant support and assistance we received in our establishment from the Commonwealth Treasury and the Department of the Prime Minister and Cabinet.

Throughout our first seven months of operation we have worked collaboratively with numerous Commonwealth, state and territory government agencies, peak bodies, charities and the community. We thank you all for your support, guidance, contributions and ideas.



Susan Pascoe AM
ACNC Commissioner

Introduction from the ACNC Advisory Board Chair

I speak for all the members of the Board in congratulating the ACNC on its first seven months of operation. This inaugural annual report highlights the extensive work the ACNC has carried out and the achievements it has made towards the objects of the ACNC Act.

The establishment of the ACNC in December 2012 marked the culmination of numerous reports into the sector, including the 2010 Productivity Commission Report: *Contribution of the NFP Sector*. Each have called for an improved regulatory regime for charities and other NFPs.

Board members have had a strong involvement in the charity sector over the years. Individually we have taken a keen interest in the multiple government and independent inquiries that occurred throughout the 17 years prior to the inception of the ACNC. The Australian Government's NFP reform agenda, the subsequent establishment of the ACNC, and the appointment of the Board are all important steps in achieving reform within the sector.

The Board is still fairly new. We have had two meetings during the financial year, the first of which was an induction held in March 2013. The second was our first full Board meeting held in Sydney in April. It marked the beginning of an ongoing two-year program of meetings across all Australian states and territories, each involving discussions with both the ACNC and local charities.

Our program includes a meeting with charities and other stakeholders the day prior to our scheduled meetings to discuss topics of their choice. These issues are then raised in the following day's Board meeting and as such, important matters are deliberated upon and passed to the ACNC Commissioner so they can be managed within a program of work where required.



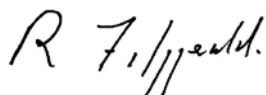
The Board has already established an important conduit between the sector and the Commission. Matters of interest raised so far include: governance standards, the progress of regulatory simplification, discussions with the states and territories, and reporting requirements. The sessions were immensely valuable for Board members and for the ACNC Executive.

We are here to ensure that the ACNC delivers benefits for the community, as well as the sector and those engaged with it.

More broadly, the Board plays a role in responding to requests from the Commissioner, which may occur in or outside of the program of Board meetings. We provide advice and recommendations that will assist the ACNC in meeting its objectives under the ACNC Act in an efficient, responsive and relevant way.

I am pleased to be a part of a vastly experienced Board that brings together knowledge and skills in the NFP sector, law, taxation and accounting to name a few. We are here to assist the Commissioner in understanding the complex environment in which Australian charities operate. We are here to ensure that the ACNC delivers benefits for the community, as well as the sector and those engaged with it.

We very much look forward to providing our expertise to the Commissioner and working with the ACNC to maintain and enhance confidence in the sector, support charities, and to promote regulatory simplification.

A handwritten signature in black ink, reading "R Fitzgerald". The signature is written in a cursive, flowing style.

Robert Fitzgerald AM
Chair, ACNC Advisory Board



02

ACNC overview

Role and functions	10
Organisational structure	12
ACNC Advisory Board	16
Outcome and program structure	23

Role and functions

The ACNC was established under the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act), and the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* (Cth).

The ACNC Act sets out the objects and functions of the ACNC, as well as the framework for the registration and regulation of charities. This includes the charities' ongoing obligations.

The objects of the ACNC Act (section 15-5(1)) are to:

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

The Commissioner is a statutory office holder appointed to administer the ACNC Act, and is supported in this role by the staff of the ACNC. The Commissioner reports to the Assistant Treasurer, and provides an annual report to Parliament. The ACNC plays a key role in delivering the Australian Government's not-for-profit (NFP) regulatory reform agenda.

The ACNC carries out its objects in the following ways:

- registering organisations as charities
- helping charities understand and meet their obligations under the ACNC Act through information, guidance, advice and other support
- maintaining a free searchable public register of information about registered charities
- working with Commonwealth agencies and state and territory governments to reduce unnecessary regulatory obligations, streamline charity reporting requirements and develop a 'report once, use often' reporting framework for charities.

The ACNC's regulatory powers are set out in the ACNC Act. In regulating the NFP sector, the ACNC follows a comprehensive regulatory framework which was developed in consultation with key stakeholders including charities, professional bodies, government agencies and the broader community. Further details on the development and application of our regulatory approach are in Section 3 – Chapter 1 of this report.

ACNC vision, mission and values

The ACNC's vision, mission and values inform the way we engage and interact with charities and the community. They align with the objects

of the ACNC Act and set standards for ACNC staff to follow. The strategic priorities act as the ACNC's overarching aims and goals.

Vision

Charities that inspire confidence and respect

Values

- Fairness
- Accountability
- Independence
- Integrity
- Respect

Mission

The national independent regulator of charities working to:

- promote confidence in charities
- help charities to understand their obligations
- support the health of the sector
- streamline reporting and reduce red tape

Strategic priorities

- Maintaining and enhancing public trust and confidence in charities
- Supporting charities to be healthy and sustainable
- Making it easier for charities by driving regulatory and reporting simplification
- Developing an independent, transparent and well governed organisation which is enhanced by a positive internal culture

Organisational structure

The ACNC Executive team comprises the Commissioner, the Assistant Commissioner Charity Services and the Assistant Commissioner General Counsel.

Susan Pascoe AM, Commissioner

The Commissioner is a statutory office holder. Susan Pascoe AM was appointed as the Commissioner on 7 December 2012 until 30 September 2017.

Ms Pascoe was a Commissioner at the State Services Authority in Victoria (2006–2011) focusing on regulatory reform. She served as one of three Commissioners on the 2009 Victorian Bushfires Royal Commission.

Susan's earlier professional background was in education where she served as President of the Australian College of Educators, Chief Executive Officer of the Victorian Curriculum and Assessment Authority and Chief Executive of the Catholic Education Commission of Victoria. She chaired the Australian National Commission for UNESCO, and was a Patron for the Melbourne Parliament for the World's Religions. Ms Pascoe has served on a number of boards including the Board of Cabrini Health and the Senate of the Australian Catholic University.

David Locke, Assistant Commissioner Charity Services

David Locke was Chief Adviser to the ACNC Taskforce prior to his appointment to the role of Assistant Commissioner, Charity Services at the ACNC. David was formerly the Executive Director of Charity Services at the Charity Commission of England and Wales, with responsibility for the strategic leadership and operational delivery of all the Commission's one-to-one services to charities. David has worked as an adviser to several international governments on the regulation of non-government organisations.



From left to right: Susan Pascoe AM, Commissioner, Murray Baird, Assistant Commissioner General Counsel, David Locke, Assistant Commissioner Charity Services.

Murray Baird, Assistant Commissioner General Counsel

Murray Baird joined the ACNC after a career as a private legal practitioner practising in NFP and charity law and governance. He was previously Senior Partner and leader of the NFP group at Moores Legal, Melbourne. As well as advising, writing and presenting on NFP legal issues, Murray has acted in several leading cases in the field of charity law and served on the boards of public and private companies and charities.

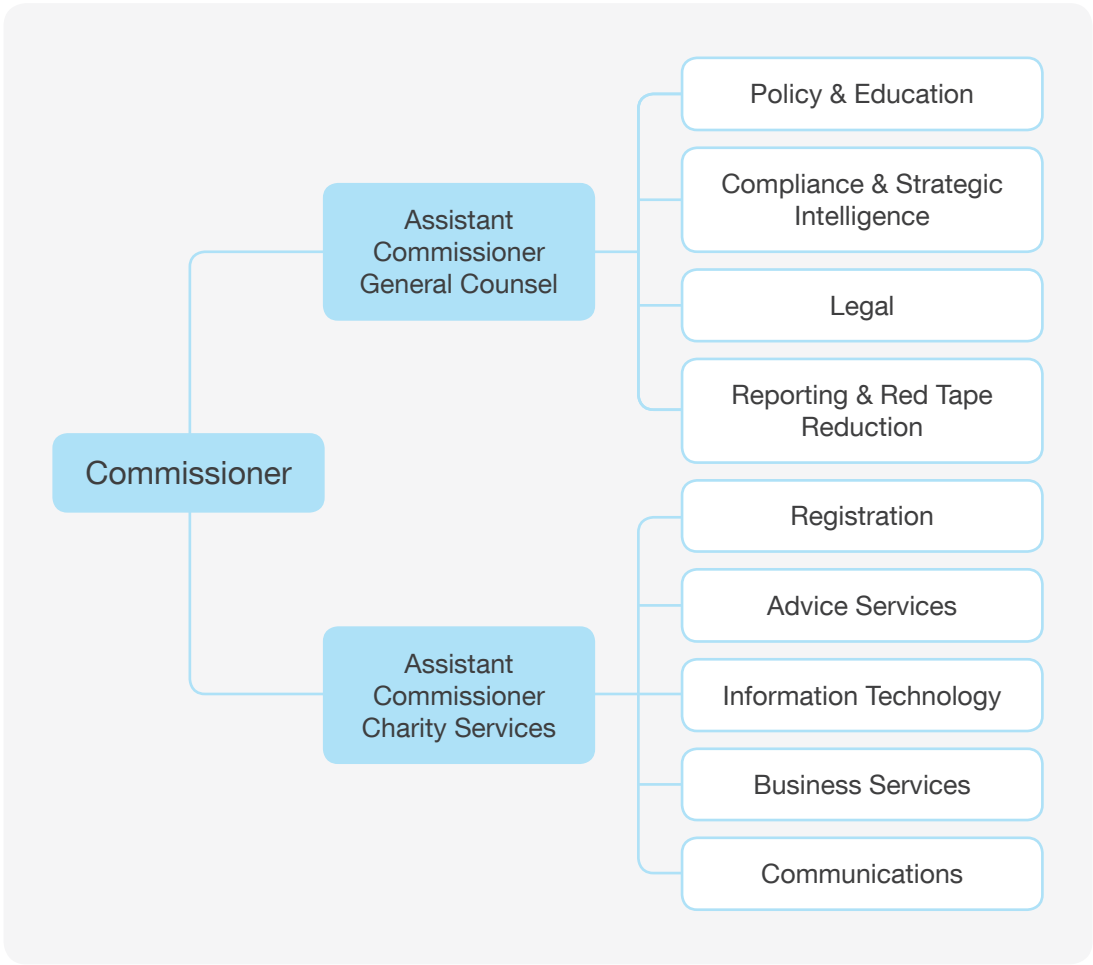
Staff and organisational design

Staff are grouped into nine Directorates, each led by a Director. Our structure is designed with frontline teams dedicated to the objects of the ACNC Act as well as centralised teams

that provide support services across the organisation.

The ACNC's organisational structure is illustrated in Figure 2.1.

Figure 2.1: ACNC organisational structure



The ACNC office is located in Melbourne. It uses this office as a base to perform its national regulatory duties.

The roles of the Directorates are outlined below.

Policy and Education

- Help charities understand their obligations under the ACNC Act
- Support charities through the provision of guidance and education products and activities
- Undertake research and harness knowledge-sharing opportunities to support the sector
- Liaise with other government agencies on issues affecting the ACNC or the sector

Compliance and Strategic Intelligence

- Administer the ACNC regulatory approach
- Investigate and resolve complaints and concerns about charities within the ACNC regulatory framework
- Provide insight into new and emerging risks through strategic intelligence work, including identifying trends and issues, and providing advice regarding the management of these risks

Legal

- Provide legal advice to the Commissioner and ACNC staff
- Provide training on relevant legal issues to ACNC staff
- Manage the conduct of litigation under the ACNC Act
- Manage the ACNC's obligations under the Freedom of Information Act and the Privacy Act

Reporting and Red Tape Reduction

- Work with Commonwealth and state and territory agencies and representatives from the NFP sector to reduce unnecessary regulatory and reporting requirements on charities
- Develop and implement the 'report once, use often' reporting framework
- Promote the benefits and the sector's uptake of the ACNC reporting framework
- Finalise and promote the Charity Passport, which will enable the ACNC to share baseline data on registered charities with authorised government agencies

Registration

- Determine charity registration applications, including determining charitable status, charity-type, and substituted accounting period
- Support charities through the registration process
- Manage the ACNC register
- Pass on applications for charity tax concessions to the Australian Taxation Office (ATO), where applicable

Advice Services

- Provide information and guidance about the ACNC Act as requested
- Process ACNC approved forms
- Receive and resolve enquiries, provide information and help to the Australian public and the charity sector

Information Technology

- Develop, implement, and maintain the IT systems used externally to supply services to the charity sector
- Provide IT infrastructure and support to ACNC staff
- Provide ongoing technical solutions such as delivery of the Charity Passport

Business Services

- Provide human resources support and services including learning and development
- Provide finance services and advice for the ACNC including budget administration and management of the ACNC's delegations
- Work in collaboration with the ATO to deliver operations and services provided by the ATO
- Advise on ACNC governance including strategic planning, risk management and reporting
- Oversee knowledge management practices within the ACNC

Communications

- Communicate key information to the sector and maintain public awareness of the ACNC through a range of communication and engagement activities
- Manage and maintain the ACNC's online presence, branding and public profile
- Provide government liaison advice to the Commissioner and ACNC staff
- Design and support stakeholder engagement for the ACNC

ACNC Advisory Board

The ACNC Advisory Board (the Board) is established by Part 6-1 of the ACNC Act. The Board's role is, upon request by the Commissioner, to provide advice and make recommendations to the Commissioner in relation to her functions under the ACNC Act.

The Board came into operation on 19 February 2013. It consists of 12 members:

- the Chair and Deputy Chair, appointed by the Minister (the Assistant Treasurer)
- six general members from the charity sector, appointed by the Minister
- four ex-officio members from the state and territory governments.

Members of the Board are appointed for a term of three years under the ACNC Act. The ACNC Act (Part 6-1) sets out the Board's role and powers.

The Board is to hold a minimum of four meetings each financial year and plans to meet in each jurisdiction over the first two years of operation.

Members



From left to right back row: Micheil Brodie (ex-officio member to 14 June 2013), Chris Batt, David Crosbie, Linda Mallett, Lindy McAdam, Fiona McLeay (Deputy Chair), Tony Lang. Front row: Sheila McHale, Robert Fitzgerald AM (Chair), Gina Anderson, Susan Pascoe AM (ACNC Commissioner), Paul O'Callaghan. Absent: Professor Myles McGregor-Lowndes (OAM)



Robert Fitzgerald AM, Chair

Robert Fitzgerald is the inaugural Chair of the Board. He has a background in law and public policy and has made a significant personal contribution to the charity and NFP sector including through roles with the Australian Council of Social Service and St Vincent de Paul.

Mr Fitzgerald is currently a Commissioner to the Royal Commission into Institutional Responses to Child Sexual Abuse and on leave from his role as a Commissioner with the Australian Productivity Commission.

During his time at the Productivity Commission, Robert chaired the Commission's major research study into the contribution of the NFP sector, which produced a comprehensive and influential report in 2010. He was a member of the Inquiry into the Definition of Charitable and Other Organisations in 2001.



Fiona McLeay, Deputy Chair

Fiona McLeay is the Executive Director of the Public Interest Law Clearing House in Victoria. She has degrees in psychology, criminology and law. In 2000, Ms McLeay became the Pro Bono Coordinator as part of the Clayton Utz National Pro Bono Scheme.

Ms McLeay became General Counsel at World Vision Australia in 2006 and later worked in their Policy and Programs Group and Engagement Group. Fiona has served on the boards of a range of NFP organisations, including the Human Rights Law Centre and Urban Seed. She is currently a member of the Commonwealth Attorney-General's International Pro Bono Advisory Group.



Gina Anderson

Gina Anderson is a Philanthropy Fellow with the Centre for Social Impact. Ms Anderson has a depth of experience as a Board Director in both executive and non-executive director capacities.

She has experience in both the private and NFP sectors. She spent five years between 2005 and 2010 as the Executive Director and CEO of Philanthropy Australia. She is also a Director of the George Institute for Global Health and Chair of Women's Community Shelters Ltd.



David Crosbie

David Crosbie is CEO of the Community Council for Australia and a member of the NFP Sector Reform Council.

Mr Crosbie has extensive experience in the NFP sector, including as the Chief Executive Officer of the Mental Health Council of Australia, Odyssey House Victoria and the Alcohol and other Drugs Council of Australia.

He has a very diverse background having taught in prison, lectured at university, and spent most of his working life advocating for the marginalised.



Anthony Lang

Anthony Lang is a barrister in Melbourne specialising in NFP law. He has practised as a lawyer, principally in the NFP sector, for nearly 25 years.

Since 2008, Mr Lang has been the representative of the Victorian Bar on the Victorian Government's Office for the Community Sector Regulatory Reform Reference Group. For the last 14 years he has served as a Director on the Board of the Victorian Council of Social Service.



Professor Myles McGregor-Lowndes OAM

Professor Myles McGregor-Lowndes OAM is a Professor in the Faculty of Business at the Queensland University of Technology and Director of The Australian Centre for Philanthropy and Nonprofit Studies (ACPNS). He has advised and held board positions in a large variety of NFP organisations over a period of 30 years.

Professor McGregor-Lowndes' special research interest is the law and regulation of NFP corporations and he is the author of several books and publications on such issues. He is a founding member of the ATO Charities Consultative Committee.

In June 2003, he was awarded a Medal of the Order of Australia 'for service to the community by providing education and support in legal, financial and administrative matters to nonprofit organisations.'



Sheila McHale

Since 2009, Sheila McHale has been the CEO of Palmerston Association, a large Western Australian NFP drug and alcohol organisation.

Ms McHale was a member of the Western Australian Parliament from 1996 to 2008, and from 2001 was separately Minister for Consumer Affairs, Minister for Disability Services and Minister for Community Development. As Minister for Consumer Affairs, she was involved in national discussions on uniform business regulation and also oversighted the drafting of a new Associations Incorporations Bill in Western Australia.



Paul O'Callaghan

Paul O'Callaghan is the Executive Director of Catholic Social Services Australia. From 2005 to 2009 he was the Executive Director of the Australian Council for International Development.

Mr O'Callaghan has also served as the Australian High Commissioner to Samoa and Deputy CEO of National Disability Services. During 2009 and 2010, he worked as Interim CEO of Reconciliation Australia and as an independent consultant advising NFP boards and management. He has represented Australian organisations in global forums, notably through the Organisation for Economic Co-operation and Development, and the World Bank.

Ex-officio members



Linda Mallett

Linda Mallett has over thirty years experience in the human services sector in New South Wales in government and non-government agencies.

Ms Mallett is Deputy Chief Executive, Ageing Disability and Home Care, with the Department of Family and Community Services in New South Wales. She is responsible for key reform projects that will expand and improve the range of services in care and accommodation, drive increased investment into early intervention, and provide clients and carers with greater individual choice and culturally sensitive options.



Lindy McAdam

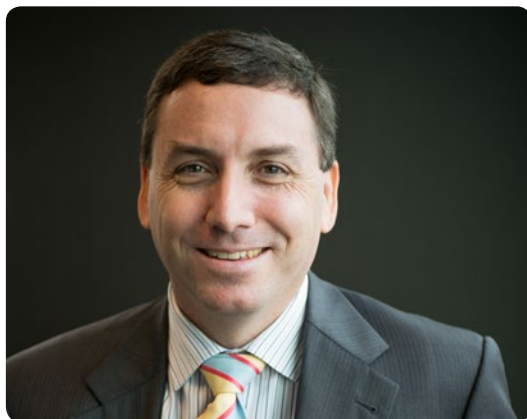
Lindy McAdam is the Director, Community Connect with the Department for Communities and Social Inclusion in South Australia. This includes the state government Concessions Program, problem gambling support, low income support and non-housing affordable living programs delivered through the community sector.

Ms McAdam also has corporate responsibility for Workforce Health and Safety. She was previously Director of the South Australian Government Office for Women. This diverse background gives her wide experience in working with non-government organisations.



Chris Batt

Chris Batt is Acting Deputy Secretary of the Tasmanian Department of Justice and has been the Director of Consumer Affairs and Fair Trading for the last six years. Mr Batt has been involved in the development of consumer policy at a national level and has been involved in the regulation of residential tenancies in Tasmania. He has a keen interest in the regulation of charities and NFPs and in harmonisation of regulation across Australia.



Micheil Brodie

Micheil Brodie is the Chief Executive Officer of the Independent Liquor and Gaming Authority in New South Wales. He has broad experience in the public sector, having worked in four jurisdictions and possesses significant expertise in leading complex regulators.

Mr Brodie is experienced in policy and operational leadership, regulating community based organisations, gaming and liquor. He is a skilled statutory decision maker and is an Associate Fellow of the Australian Institute of Management.

Mr Brodie was an ex-officio member of the Board to 14 June 2013 during his tenure as Executive Director, Gambling and Licensing Services, with the Department of Business in the Northern Territory Government.

Outcome and program structure

The Commissioner is a statutory officer appointed by the Governor-General under the ACNC Act. The ACNC consists of the Commissioner and staff employed to assist the Commissioner.

The ACNC operates under the *Financial Management and Accountability Act 1997* (Cth) (FMA Act). The Government's policy intent is that the ACNC operates independently and efficiently in the pursuit of its regulatory functions.

The ACNC's regulatory policies, programs and practices are devised and conducted independently. However, back office services are provided on a fee-for-service basis by the ATO through a memorandum of understanding between the ACNC and the ATO.

For the purpose of reporting under the framework of the Australian Government's Portfolio Budget Statements, the ACNC constitutes Program 1.5 of the ATO in the Treasury Portfolio.

Our program deliverables and key performance indicators are published in the Portfolio Budget Statements and are used to assess and monitor our performance.

Expenses

The ACNC is not a separate agency for the purposes of the FMA Act and therefore does not provide audited financial statements in this annual report.

The ACNC legislation established a Special Account for the purposes of the FMA Act. The Special Account is used to manage the funding allocated to the ACNC for expenses and other obligations incurred in the performance of the Commissioner's functions.

The ACNC and ATO Commissioners have agreed on the delegation arrangements to:

- enable the ACNC to perform its functions and exercise its powers under the ACNC Act
- enable the Commissioner for Taxation to acquit his responsibilities for the proper use of these funds.

Under this arrangement, the ACNC's financial activities are officially reported in the audited financial statements in the ATO's annual report.

The ATO was allocated \$17.276 million in 2012–13 for the formation and operation of the ACNC. Financial operations for the period 1 July 2012 to 31 January 2013 were administered by the ATO. The Special Account was established on 1 February 2013 for the ACNC to directly administer its own accounts.

Actual expenditure for the period is summarised in Table 2.1. These figures include direct costs of the ACNC but exclude corporate support and infrastructure costs for services provided by the ATO.

Table 2.1: Direct expenditure by cost centre, 2012–13

Cost centre	Salary costs \$'000	Supplier costs \$'000	Total \$'000
Executive and ACNC Advisory Board	467	219	686
Registration	1,024	5	1,029
Business Services	606	451	1,057
Communications	335	181	516
Advice Services	823	344	1,167
Information Technology	74	89	163
Policy and Education	299	68	367
Compliance and Strategic Intelligence	545	20	565
Legal	287	55	342
Reporting and Red Tape Reduction	243	73	316
Total	4,703	1,505	6,208

* These figures are for the period 1 February to 30 June 2013.

Deliverables

Under the Portfolio Budget Statement 2012–13, the ACNC's program deliverables are to:

- register and determine charitable status determination
- provide the community with access to information about the NFP sector.

Additional to these deliverables, this report includes the ACNC's performance against the second and third objects of the ACNC Act, which were not part of the original budget announcement in May 2011.

The three objects in the ACNC Act form the structure of performance reporting in the ACNC annual report for 2012–13.

Key performance indicators

Under the Portfolio Budget Statement, the ACNC's key performance indicators are:

- issue advice, practical guidance and determinations within agreed time frames
- website and publications that are accessible and a source of relevant and up-to-date information.

The ACNC's performance against these indicators is reported under the following parts of this report:

- service standards (see page 26)
- online (see pages 48–49)
- publications (see pages 50–51).



03

Report on performance

Service standards	26
Chapter 1 – Public trust and confidence in charities	28
Chapter 2 – Supporting charities to be healthy and sustainable	43
Chapter 3 – Driving regulatory and reporting simplification	54

Service standards

The ACNC aims to provide excellent customer service in all interactions with the public and charities. We have set service standards to reflect our high expectations and to guide our customers on what they can expect from us.

For the first year of operation, the ACNC established time-bound benchmarks that

reflected our aspirations to deliver high quality and efficient services to our customers. In 2013–14 the ACNC will further develop the service standards including targets against each benchmark using the data collated in the first year of operation.

Table 3.1: Service standards performance, 2012–13

	Benchmark	% Achieved
Registrations		
Acknowledge registration applications	1 day	100.0%
Notify customer of Case Officer allocation and request for further information to process application	5 days	71.0%
Combined time for ACNC to determine charitable status and Australian Taxation Office to decide on tax concession	85% within 28 days	95.6%
Enquiries		
Telephone general and complex enquiries	1 day	99.9%
Correspondence general – email and paper	2 days	98.0%
Correspondence complex – email and paper	5 days	96.2%
Change of registered details (forms)	2 days	85.0%
Complaints		
Complaint about a charity – acknowledgement	2 days	100.0%
Complaint about a charity – advice to complainant after investigation completion	5 days	100.0%
Complaint about the ACNC – acknowledgement	2 days	100.0%
Complaint about the ACNC – assessment, investigation and resolution	21 days	100.0%
Compliance		
Investigation initial evaluation advice	14 days	84.0%
Investigation completion	6 months	100.0%
Investigation notification of outcome	5 days	100.0%
Freedom of Information (FOI) and Privacy *		
Acknowledge all requests for access to information	5 days	N/A
Response to general information requests (not falling under FOI and Privacy Acts)	30 days (plus statutory extensions)	N/A
Response to Freedom of Information Act requests	30 days	N/A
Response to Privacy Act requests	30 days	N/A

* No FOI or Privacy Act requests were received by the ACNC for the year.

Compliments and complaints about the ACNC

The ACNC received 156 written compliments during the financial year.

Key themes from compliments included the:

- quality of information provided
- promptness of response to enquiries
- quality and efficiency of registration service
- professionalism and empathy shown by ACNC staff.

This feedback is greatly encouraging as the ACNC has endeavoured to position itself as approachable and helpful to the sector.

Examples from our compliments:

'I have only just become incorporated in Australia and I expected the registration process to be a nightmare of paperwork. However, I had attended a workshop and was inspired to go online and have a go. And it was really straight forward.' (STOP THE TRAFFIK – the first charity to be newly registered with the ACNC)

'My experience working with three grassroots non-government organisations/charities is that ACNC has been fantastic. The website and processes are an extraordinary improvement already. The staff have been exceptionally helpful on phone and online, and have dealt with questions very promptly and well. You are doing an excellent job – keep up the good work.'

The ACNC published a complaints and compliments policy on its website. Complaints can be made by email, fax, or by phone (13 ACNC).

The ACNC received 19 complaints during the year. The complaints were about the:

- limited number of online services currently available
- ACNC collection of personal information about responsible entities (e.g. date of birth)
- requirement to report to state governments and the ACNC
- *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act) and particular terminology used in the ACNC Act
- ACNC sending letters to individuals who no longer work at an organisation.

In all instances the complainants were contacted and a resolution was reached, such as the provision of an explanation or (where the complaints were about the legislation), the complainants were referred to Commonwealth Treasury as the central agency with policy responsibility for the ACNC Act.

No complaints were made to the Commonwealth Ombudsman about the ACNC.

Chapter 1 – Public trust and confidence in charities

The public's trust and confidence in charities is crucial in sustaining a vibrant charity sector. Charities rely on the public to support their work through donations and volunteering.

It is important for the public to know what charities do, who their beneficiaries are, how they are governed, and how they manage their finances.

The first object of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act) is to maintain, protect and enhance public trust and confidence in the Australian not-for-profit (NFP) sector.

The ACNC works to achieve this object through:

- the freely accessible online ACNC Register (the Register)
- a robust and consistent registration process
- a fair and proportionate regulatory approach
- public awareness of our work
- communicating the contributions and benefits of charities to the community.

The ACNC Register

The Register is an interactive, online public database that provides free access to information about registered charities in Australia. The Register provides transparency into Australian charities and thereby helps maintain confidence in the sector. It allows the public to easily research charities they are considering donating to or volunteering with. It is also a useful tool for funders, governments and researchers and is the first register of its kind in Australia – holding registered charity details in one easily accessible place.

The Register was launched on 3 December 2012 and contained registration details for 57,672 charities at 30 June 2013. It is available on the ACNC website (acnc.gov.au). It displays basic information on all non-withheld registered charities, including each charity's:

- legal name
- Australian Business Number (ABN)
- state or territory of registration.

The Register also provides links through to each charity's record on the Australian Business Register, which shows any tax concessions the charity holds.

The Register has been welcomed by the public and has been viewed more than 85,000 times via the 'Search the Register' webpage on the ACNC website.

In 2013–14 the content on the Register will expand to include further information about registered charities. This includes their registration details such as charitable subtype, who their work benefits, annual reporting information, responsible person details, registration status history and, where relevant, any enforcement action taken by the ACNC.

More than **85,000**
views of the ACNC Register

Building the Register

When the ACNC commenced operating, charities that had previously been endorsed by the Australian Taxation Office (ATO) to receive charity tax concessions were treated as having been registered with the ACNC. The ACNC worked with the ATO to transfer details of over 56,000 charities to the Register.

In February and March 2013, the ACNC wrote to these charities informing them of the transitional legislative provisions and requested they voluntarily update or confirm their registration details.

We received over 17,700 replies, many with changes to details. These details are being used to update the Register over time and to improve its accuracy and reliability.

We have added to the Register the details of newly registered charities since 3 December 2012 and have also removed details of organisations that ceased to be registered or had their details withheld. As at 30 June 2013 the Register contained details of 57,672 registered charities.

The ACNC received 4,707 change request forms and processed 4,661 by 30 June 2013. These forms were used by charities to update or change their registered charity details.



57,672
charities listed on
the ACNC Register
at 30 June 2013

Withholding information from the Register

The Commissioner has the power to withhold details from the Register after taking into consideration the public interest and a number of circumstances outlined in the ACNC Act (section 40-10), including:

- information that is commercially sensitive and has the potential to cause detriment to the registered entity or an individual
- information that is inaccurate, is likely to cause confusion or is misleading to the public
- information that could endanger public safety.

For example, in the case of a charity such as a women's or young persons' refuge, disclosure of addresses and/or personal details may endanger public safety. In such a case, the Commissioner may decide to withhold that information from the Register.

During the year, 442 applications were made to withhold information from the Register. Of these:

- 14 requests were allowed
- 3 requests were not allowed
- 11 requests were withdrawn.

At 30 June 2013, the remaining 414 were being processed by the ACNC, as the majority of these were received close to the end of the financial year.

Many of the requests that were allowed related to issues of public safety.

Requests that were disallowed did not fit within the grounds permitted under the ACNC Act. Some applications to withhold information arose from the applicant's concern that personal addresses of responsible persons would be included in the Register. Once the applicant understood that this was not the case, these applications were withdrawn.

From 17 May 2013, the ACNC temporarily withheld information relating to Private Ancillary Funds from the Register.



Feature

Public trust and confidence survey

In March 2013, the ACNC commissioned a survey into public trust and confidence in charities. The survey collected data on the factors that drive trust and confidence and the current levels of trust in charities. The results provided a baseline that we will use to inform our work around the statutory objective to maintain, protect and enhance public trust and confidence in the Australian NFP sector. The research gave the ACNC a better understanding of how the public engages with charities and provided reliable data on the value that the community places on charities. Repeating the survey in future will allow us to track our performance against this object.

The research comprised six focus groups involving members of the public with varying levels of charitable participation. It explored public attitudes to charities and the factors that affect these attitudes in detail. Focus groups were conducted in urban and regional Victoria.

Additionally, our research involved an online survey of 1,624 people, conducted using a nationally representative sample. The survey collected information about how respondents engage with charities, their levels of trust in charities, and what increases or decreases this trust. The survey tested the level of public awareness of the ACNC and our role. Views were also sought on the concept of a searchable charity register.

The ACNC promoted the results of the survey to the sector, in order to help them to further understand how charities are perceived and the factors that influence this perception, allowing them to engage more effectively with the public.

Trust in Australian charities

Participants were asked to score their trust in charities at the beginning and end of the survey. At the beginning of the survey, most participants indicated that they had moderate levels of trust in charities (6.6 out of 10). By the end of the survey, after the role of the ACNC was explained, there was a statistically significant increase in levels of trust (7 out of 10).

This level of trust is similar to the ratings given in a comparable survey in the United Kingdom and higher than those in a comparable survey in New Zealand.

The results showed that women and those with higher involvement in charities generally reported higher levels of trust.

Key drivers of trust

A charity's activities were found to be the most important driver of trust. People are most likely to trust charities when they believe that the charity is acting in the public interest, ensures its fundraisers are honest, creates a benefit for its cause, manages its resources efficiently and ethically, and is open about how it uses its resources.

A charity's reputation was identified as the second most important driver. Respondents indicated that they are more likely to trust charities that are large and well known, including those with well known supporters, those that provide services overseas, and those that work for a good cause.

Perceptions of wastefulness had a small negative effect on trust in charities, but this was not seen to be as important to overall trust as charities' activities and reputation.

Engagement with charities

Results showed that 25 per cent of respondents had direct contact with charities, either as staff, volunteers, board members, professional service providers or as users of charities' services. People under the age of 35 were more likely to have participated in each of these activities. Eighty nine per cent of respondents had made some form of contribution, most commonly by: donating goods, making one-off financial contributions or buying goods from a charity. It was also found that females were significantly more likely to donate goods and buy goods from charities.



Reasons for supporting a particular charity

Respondents said they most commonly supported charities when they considered the charity's work to be important (70 per cent), when they trusted the charity to make a positive difference (54 per cent) or when they felt the charity had a good reputation (46 per cent).

Knowledge of charities

Results showed that information about the impact of a charity's work and how donations are used were considered the most important information supplied by charities. Respondents also valued transparency about the proportion of a charity's funds that are spent on the charity's work, as opposed to administration or fundraising. Those who support charities indicated general satisfaction with the information that charities supplied to them.

Most respondents (70 per cent) said they knew a reasonable amount about a charity before they decided to support it. Only 10 per cent of respondents said they had donated to a charity they had never heard of.

When approached for donations, 43 per cent of respondents said they had asked for proof of identification. Thirty two per cent had checked that the charity in question was genuine and 27 per cent had asked how their donation would be spent.

Charity regulation and the ACNC

Respondents showed their support for a national regulator of charities, ranking it as 'very important' (8.6 out of 10). Around 80 per cent of participants believed a public register of charities to be 'very important'.

Awareness of the ACNC was low given it had been operational for less than six months at the time of the research. However, 71 per cent of respondents listed 'keeping a register of charities' as a function they would expect the ACNC to have. Sixty seven per cent of respondents listed 'handling complaints about charities' as another key function of the ACNC.

Registration

The registration process plays an important role in maintaining and enhancing public trust and confidence in charities. Registration with the ACNC sends the public a clear message that an organisation has been found to be charitable, and that it meets the particular standards of probity, good governance and transparency expected of charities. Registration with the ACNC is a prerequisite for charities to access tax benefits and other concessions from the Commonwealth.

Registered charities can apply for charity tax benefits from the ATO, and the ACNC's registration application form allows an applicant to do this at the same time as charity registration. The ACNC forwards this information to the ATO, where the charity is then considered for the appropriate taxation concession/s.

The ACNC established a rigorous registration process. We worked closely with applicants, assisting them to resolve any issues that would otherwise impact on their ability to register. We undertook a detailed analysis of the information provided by applicants and, with reference to the applicable law, made a decision on whether organisations were charitable. Our approach ensured that only applicants found to have a charitable purpose were registered with us. Through this robust registration process, the public can be confident in supporting registered charities.

Registration sends the public a clear message that an organisation... meets the particular standards of probity, good governance and transparency expected of charities.



Feature

Bulk registration of charities

Many organisations have a centralised parent or governing body which, amongst other activities, may represent their organisation and provide administrative support.

To assist, the ACNC began work with veterans' organisations across Australia, and a community housing organisation, to develop a bulk registration form and procedure. Collectively, these bodies represented upwards of 1,400 organisations, so the need for a streamlined approach was high.

We developed a process to allow these representative organisations to collate, store and transmit data relating to multiple applications. We also appointed specific ACNC staff to work with each of the representative bodies, enabling large volume applications to be speedily processed.

The ACNC collaborated with representative bodies to test and gather feedback on the bulk registration form. Towards the end of 2012–13 we processed our first ‘live’ bulk registration cases.

To further assist charities with administration, we also developed ‘bulk lodgement’ forms for key activities such as updating responsible person and charity details.

On 27 June 2013 the *Charities Act 2013* (Cth) was passed by the Australian Parliament providing a statutory definition of charity. It will come into force on 1 January 2014 and the ACNC will offer guidance and support to charities to help them understand the statutory definition.

Newly registered charities

The ACNC received 1,342 new applications for charity registration in 2012–13 (Table 3.2). Of these, 709 applications were finalised, including 700 charities that were newly registered and nine applications that were disallowed. At the end of the financial year, 512 applications were being assessed. The average number of days to register a charity was 11.7 days.

Charity definition

The ACNC uses the common law definition of charity, and its statutory extensions, in assessing whether an organisation is eligible for registration. This definition of charity has been developed over the past 400 years. Under common law, an organisation is a charity if it:

- is not-for-profit
- has a charitable purpose
- exists for the public benefit.

The four traditional purposes of a charity under the common law are:

- relief of poverty
- advancement of education
- advancement of religion
- other purposes beneficial to the community.

This definition was extended to include health promotion and the provision of child care services as charitable purposes.



700
newly registered
charities in
2012–13



11.7 days
on average to
register a charity

Table 3.2: Number of registration applications received, 2012–13

	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Total
Number of registration applications received	76	142	157	192	231	281	263	1,342

Not all organisations that applied to become a registered charity were approved. The main grounds for disallowing an application included:

- an organisation lacked a charitable purpose
- an organisation was established for private benefit, therefore failing to meet the required public benefit expected of a charity.

When the ACNC intended to disallow an application for registration we communicated the reasons for our proposed decision. Applicants were given an opportunity to provide any additional information for consideration before we finalised our determination. We ensured applicants were afforded procedural fairness at all points of the process. During 2012–13 there were a number of times when additional information was provided which allowed the registration application to be approved.

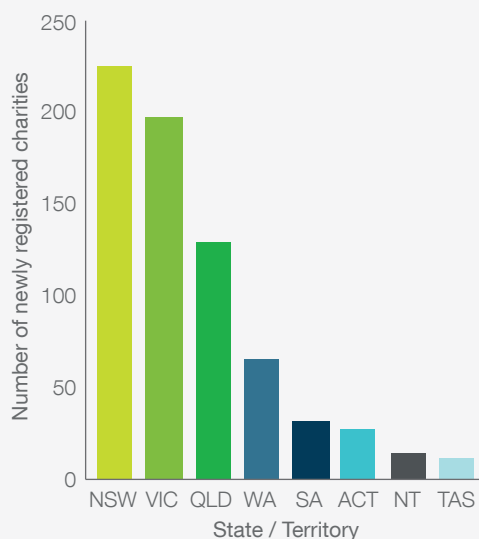
One hundred and twenty one applicants withdrew their registration applications. The common reasons for withdrawal of an application included:

- an organisation applying for registration in error, such as a NFP entity that is not a charity
- an organisation applying too early, such as prior to their formation with a charitable purpose
- an organisation with a purpose that is not considered to be charitable.

Registered charity locations

Charities newly registered in 2012–13 were located in all Australian states and territories.

Figure 3.1: Newly registered charities by location, 2012–13



Of the 700 newly registered charities, 62 per cent operated in one state or territory and 33 per cent operated nationally in all states and territories. The remainder operated across two to five jurisdictions.

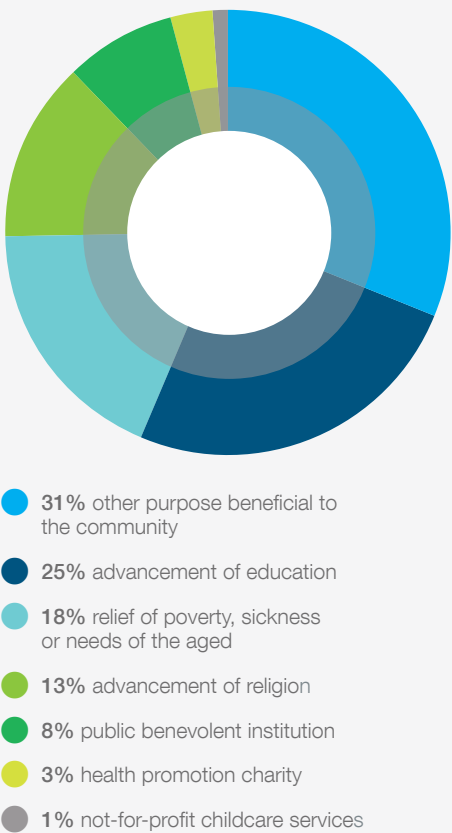
Registered charity purpose

The ACNC Act enables a charity to register a specific charitable purpose, known as a charitable subtype. The seven subtypes of charity that can register under the ACNC Act are:

- 01** an entity with a purpose that is the relief of poverty, sickness, or the needs of the aged
- 02** an entity with a purpose that is the advancement of education
- 03** an entity with a purpose that is the advancement of religion
- 04** an entity with another purpose that is beneficial to the community
- 05** a health promotion charity – an institution whose principal activity is the promotion of prevention or control of disease in humans
- 06** a public benevolent institution
- 07** an entity with a charitable purpose described in section 4 of the *Extension of Charitable Purpose Act 2004* (Cth) as the provision of NFP childcare services.

Many of the 700 newly registered charities applied for more than one subtype of charity. This means that most organisations have more than one charitable purpose, and are seeking to assist the community in a variety of ways.

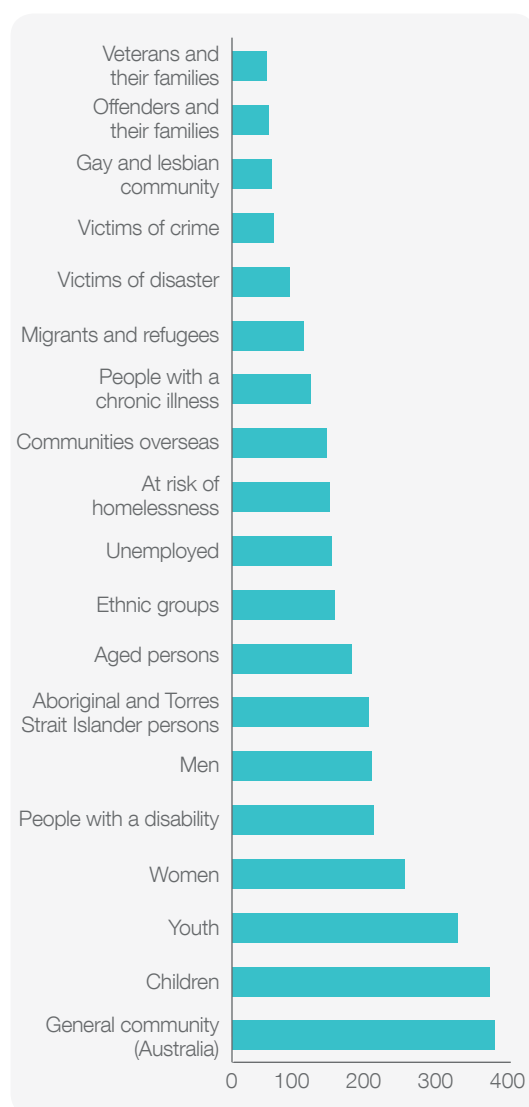
Figure 3.2: Charitable subtypes, 2012–13



Registered charity beneficiaries

Most charities directed their work to more than one group of beneficiaries. Children and youth were amongst the most popular beneficiary groups.

Figure 3.3: Beneficiaries of charities by group, 2012–13

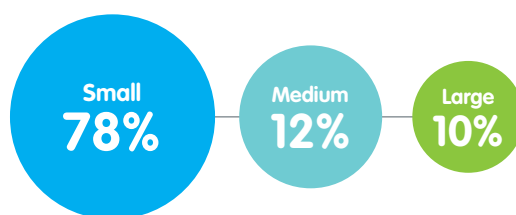


Registered charity size

The ACNC registers charities in three tiers (small, medium and large), according to their revenue for a particular financial year. Small charities are those with revenue of less than \$250,000. Medium charities have revenue greater than \$250,000 but less than \$1 million. Large charities have revenue of over \$1 million.

Of the charities newly registered with the ACNC, the majority (78 per cent) were small. Twelve per cent were medium and the remaining 10 per cent were large.

Figure 3.4: Newly registered charities by size, 2012–13



Proportionate and fair: the ACNC's regulatory approach

The ACNC released its regulatory approach statement in May 2013 after a process of consultation with the sector and stakeholders. Between 80 and 90 per cent of consultation respondents agreed with the statements in our draft regulatory approach, and many offered useful suggestions for improvement which we adopted in finalising our approach.

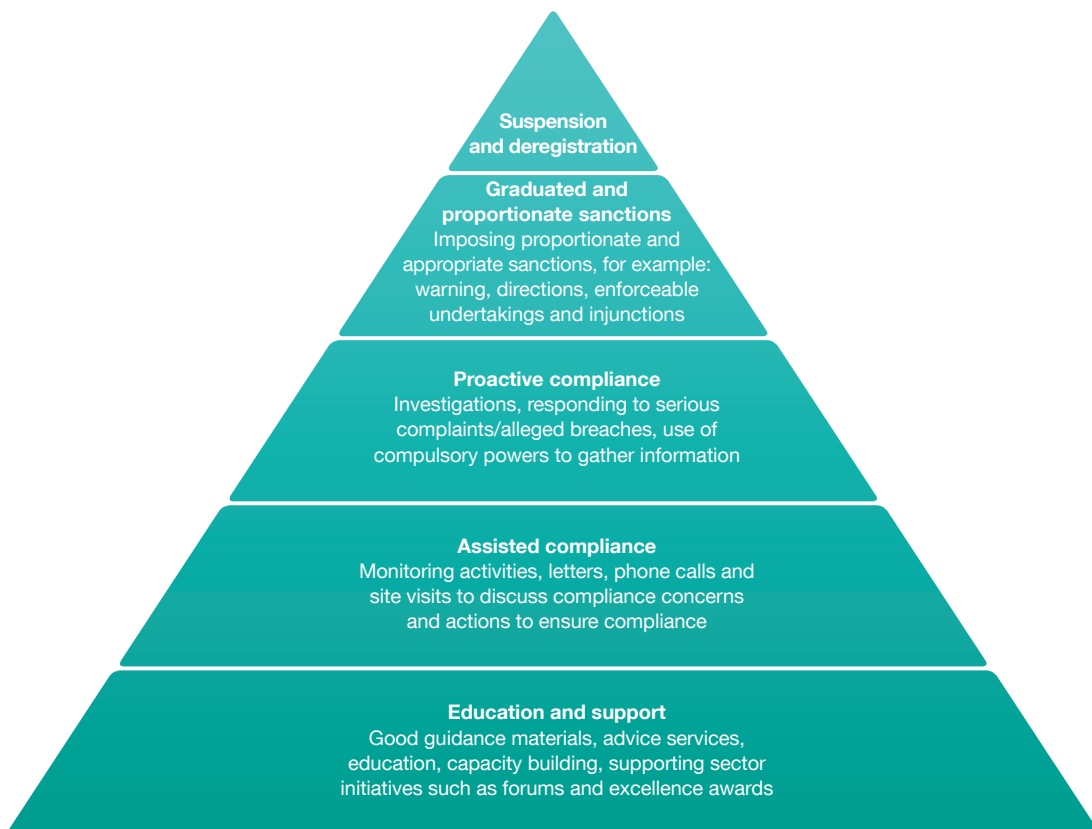
How the ACNC regulates charities

Our regulatory approach explains that we use our powers to reflect both the risks and the evidence before us. In line with the regulatory pyramid in Figure 3.5, we begin with the assumption that charities are acting honestly and we give charities a chance to address any concerns that may arise. We use the least intrusive powers that are sufficient to address the concern. We act quickly in cases where gross negligence or serious misconduct has been established, or where vulnerable people or significant charitable assets are at risk.

When making decisions and deciding whether to use our powers, we consider the following factors:

- type of problem
- what or who is at risk (people, money or public trust and confidence generally)
- nature and degree of potential harm
- likelihood and frequency of occurrence or recurrence
- risk profile of the charity (factors such as the size of a charity, the existence of accountability mechanisms, its history of compliance and cooperation)
- behaviour of those responsible for the charity.

Figure 3.5: Regulatory pyramid of support and compliance



The ACNC's informal options include:

- informal assistance to address non-compliance: for example, we may tell charities how they can comply
- no-action letters: we may provide a letter expressing our intention not to act. These letters do not prevent us from taking action later
- referral: we may refer the matter to another regulator (or, in serious cases, to the police) for action.

The ACNC's enforcement powers under the ACNC Act (Part 4-2), in respect of federally regulated charities, include warnings, directions, enforceable undertakings, injunctions, and suspension and removal of responsible entities.

Complaints about charities

The ACNC established a robust complaint management system to address complaints received about charities.

In 2012–13 the ACNC received 245 complaints or concerns about charities. Of these, 199 were resolved by the ACNC and 46 were still in progress at 30 June 2013.

Complaint sources included:

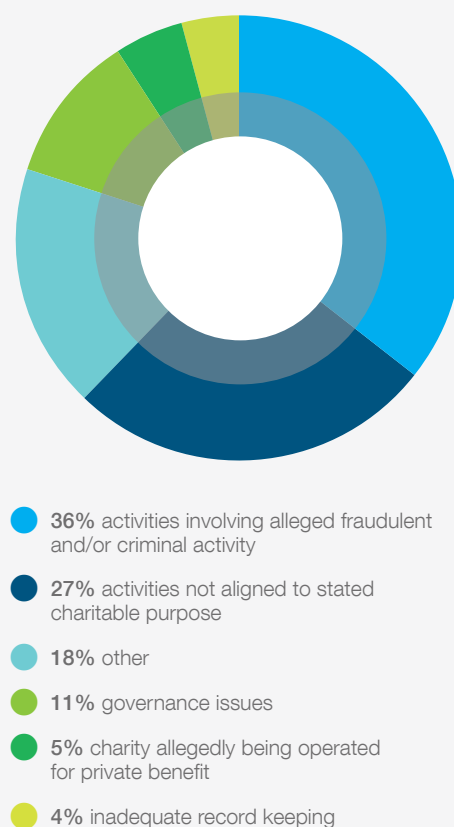
- the public (such as current and former donors, employees, members, volunteers and beneficiaries)
- other government agency referrals (such as Commonwealth, state and territory regulatory and funding bodies, and federal and state police)
- concerns raised by media reports
- ACNC internal referrals.

Investigations

Of the 245 complaints or concerns received by the ACNC, 56 were escalated for investigation. Thirty six per cent related to activities involving alleged fraudulent and/or criminal activity (Figure 3.6).



Figure 3.6: Investigations, 2012–13



During 2012–13 the ACNC did not use enforcement powers under Part 4-2 of the ACNC Act.

The ACNC:

- served nine notices under section 70-5 of the ACNC Act to obtain information from a range of entities, including charities, banks and regulatory agencies
- exercised monitoring powers with consent on two occasions under section 75-15 of the ACNC Act.

Compliance tools

The ACNC worked to proactively address compliance concerns by identifying emerging risks in the charity sector and developing appropriate tools and solutions.

Some of the tools developed to assist charities included:

- a plain language *Guide to the ACNC Act* to promote understanding amongst charities and their advisers about the legislation
- a guide for board members, offering instructions on registration, and information on Commonwealth tax concessions and ongoing obligations
- *Protect your charity from fraud – the ACNC’s guide to fraud prevention*. A high proportion of complaints received by the ACNC related to allegations of fraudulent activities, with the charity often the victim. This guide provided charities with advice and tips
- a series of quick tips designed to provide charities with information to help manage potential compliance risks, including:
 - managing internal disputes
 - managing conflicts of interest
 - implementing basic financial controls.

Working with other regulators

Where the ACNC’s regulatory responsibilities overlapped with those of other agencies, we worked cooperatively to achieve the most appropriate regulatory outcome and to minimise the regulatory impact on charities.

The ACNC began to develop relationships with a number of Commonwealth, state and territory agencies and regulators to facilitate information sharing and referrals.

We signed memoranda of understanding (MOU) with the Australian Securities and Investments Commission and the Office of the Registrar of Indigenous Corporations. These MOUs facilitated liaison, cooperation, assistance and the exchange of information.

In line with the ever-growing international reach of charity activities, the ACNC developed relationships with counterparts in a number of countries, including New Zealand, the United Kingdom, Northern Ireland, Singapore and Canada. These relationships helped the ACNC to remain informed of current developments in charity regulation.

The ACNC was invited to contribute to a United Nations (UN) forum on combating terrorist financing in the NFP sector. This enabled the ACNC to provide information about Australia’s experience to regulators in the Middle East and to develop our understanding of this global issue. These UN working groups resulted in a report released jointly by the UN and the Center on Global Counterterrorism Cooperation (CGCC). It is available on the CGCC website.



Feature

Fraud Week 2013

The Australasian Consumer Fraud Taskforce (ACFT) was formed in March 2005 and comprises 22 government regulatory agencies and departments with responsibility for consumer protection regarding fraud and scams.

In June 2013 the ACNC joined the ACFT in its National Fraud Week campaign. The annual campaign is organised by the Australian Competition and Consumer Commission (ACCC) and in 2013, focused on helping Australians to 'outsmart the scammer!' by learning how to buy, sell and donate safely without being duped.

Charity scams, perpetrated by fraudulent people posing as fake charities, occur all year round but are often more prominent when natural disasters and emergencies strike. These scams can occur in person when fraudulent people pose as charity collectors, via scam phone calls, or online through imitation charity websites. They can also take the form of spam emails requesting donations or via scam social media posts that appear to have come from a legitimate charity. Scammers posing as charities, often play on their victims' emotions and generosity.

During Fraud Week the ACNC shared information and guidance on how the Australian public can protect themselves from these scams. We worked with the ACCC to raise public awareness about the ACNC Register and safe giving to genuine charities.

We developed a video – *Protect Yourself from Charity Scams* – explaining how to avoid charity scams and what to do if you suspect one. The video was published on both the ACNC and SCAMwatch websites and attracted 352 views on YouTube. It was retweeted by @SCAMwatch_gov, which has a following of over 5,000 users. On Facebook, the video reached 479 people.

The ACNC also developed further guidance on the top 10 ways charities can avoid fraud as well as *Protect your charity from fraud – the ACNC's guide to fraud prevention*.

Public awareness of the ACNC

It is important that the public is aware of the ACNC and its role in registering charities and regulating the charity sector. The presence of a regulator contributes to increased transparency in the operation of the sector and therefore increases public trust and confidence.

In 2012–13 the ACNC worked to increase public awareness via its website, community presentations, information sessions, and through interactions with the media.

The ACNC website is our main communication channel and is the first point of contact for the majority of our stakeholders. The website is structured to cater for registered charities, new applicants for registration, and the broader community including the public, donors, funders, researchers, NFPs, governments and other agencies.

The ACNC in the media

The ACNC worked with mainstream and sector media to promote public awareness of our role as the national charity regulator.

The official launch of the ACNC was held in Melbourne in December 2012 at Charcoal Lane, Mission Australia's NFP restaurant that provides hands on work experience and training to Indigenous and disadvantaged young people. The event attracted significant media interest and was covered in major metropolitan newspapers, radio and online. The Commissioner was interviewed for *ABC News 24* (TV) and the launch was covered in the *SBS World News* bulletin.

Since our launch, the Commissioner, Assistant Commissioners and Directors have participated in approximately 32 interviews with a mix of print and broadcast reporters. We managed around 48 inbound media enquiries and issued 26 proactive media releases or statements.

We worked closely with specialist charitable sector media to encourage participation from the sector in ACNC consultations and to promote the range of resources and guidance materials available on our website.



ACNC leadership team at ACNC launch event.

Chapter 2 – Supporting charities to be healthy and sustainable

The second object of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act) is to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit (NFP) sector.

In order to effectively support charities, the ACNC established an open and consultative approach to engagement with the sector and the broader community. More than just regulating charities, we worked to establish a regulator with a human feel. Our approach was tailored to the sector we regulate – we interacted with the sector as a whole, communicated with individual charities and provided accessible guidance and education.

This chapter illustrates the work carried out by the ACNC in 2012–13 to support and sustain charities from their registration through to their ongoing operation.

Partnerships

From the outset, the ACNC recognised the value of forming partnerships with a wide variety of organisations. The intent was to listen to and understand sector needs and to deliver services that supported charities.

We formed strong relationships by partnering with sector peak bodies and state and territory regulators to deliver information and education sessions across Australia (see page 47 for more on these sessions). Sessions entailed partnerships with each state and territory Council of Social Service, as well as volunteering peak bodies. Working closely with these partners assisted the ACNC to extend our reach within the sector and build relationships in each state and territory.

The ACNC established relationships with a number of key research institutions around the country. For example the Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) at

the Queensland University of Technology (QUT) and Melbourne Law School Not-for-profits project, both of which played a significant role in informing the Australian Government's NFP reform agenda. The ACNC signed a memorandum of understanding with QUT to ensure information sharing and promote common goals. In June 2013 we also formally received the National Standard Chart of Accounts (NSCOA) – a set of standard accounting guidelines – from ACPNS (see page 64 for more on NSCOA).

Research

The ACNC established a research network which attracted over 80 members. Members worked together to identify ways to support researchers and strengthen the ties between researchers and the sector. An example of this was the development and use of a research mailing list to forward requests for research assistance from charities to the network, matching charities with appropriate researchers.

The network met quarterly by teleconference and also provided comments on key ACNC projects including the development of the ACNC's research function.

In June 2013, the ACNC launched two awards for early-career researchers in conjunction with the Australian and New Zealand Third Sector Research network. These awards were designed to support research on the sector, strengthen the ties between researchers, government and the sector, and produce practical insights into how the ACNC can achieve its statutory objects. One award

was for a piece of original research by an early-career researcher and the second was for a research intern to undertake a project with the support of the ACNC, both of which will further objects of the ACNC Act. The winners will be announced in October 2013.

As part of its research work the ACNC published a guide to the Australian Government's NFP reform agenda (available at acnc.gov.au), bringing together information about the key initiatives and stakeholders. The guide was well received by researchers and the sector alike as it provided a concise explanation of the reform process.

Community Sector Survey

The ACNC also commissioned two questions in the Australian Council of Social Service Community Sector Survey. One gauging the sector's understanding of the ACNC and its role and a second about how the ACNC can best target its work in reducing unnecessary regulation (see page 55 for more on this second question). The survey also contained a question about support for a national regulator.

Five hundred and thirty two community sector organisations completed the survey. Support for a national regulator was high, with 63 per cent of respondents agreeing or strongly agreeing with the statement 'A national non profit regulator is a good thing for the sector'. Only seven per cent disagreed.

Fifty one per cent of respondents also agreed or strongly agreed with the statement 'My organisation understands how the ACNC will affect it'. Twenty six per cent of respondents were neutral and 23 per cent either disagreed or strongly disagreed. Generally, larger organisations were more confident that they understood how the ACNC would affect them.

Engaging with charities

Throughout the year the ACNC listened to and collaborated with charities in a number of ways. We sought to be approachable and accessible to charities of all sizes and in all locations.

We actively sought feedback during consultations and when we provided guidance and advice. We used this feedback to enhance our work practices.

We consulted on areas of our work where charities expressed concern – for example regulation and reporting – and utilised that feedback to amend our approach within the confines of the ACNC Act.

The ACNC engaged with other government agencies and peak bodies to ensure that our guidance content was appropriate for our audiences. For example, we met with the CEO of Community Connections Solutions Australia, a peak body for early childhood education and care services. This helped us to understand how to better tailor guidance for early childhood education and care services.

During policy development we put emphasis on the need to hear and incorporate the views of the sector in shaping our policies, programs and procedures. Where possible we conducted user testing when developing materials.

We sought to be approachable and accessible to charities of all sizes and in all locations.

Sector and community public consultation

Between January and March 2013 we conducted a public consultation on the ACNC's proposed regulatory approach, defining how we regulate charities.

We provided a number of ways for the sector and the community to give feedback, including:

- completing an online survey
- attending community presentations held in late January and early February in all capital cities and a number of major towns
- emailing feedback
- calling the ACNC on our dedicated consultation phone-in day, or on a different day during the consultation period
- sending feedback via post.

During our program of community presentations, we used case studies and group workshops to explain and seek input on the proposed approach. Those presentations involved approximately 2,000 attendees across 11 cities.

We also consulted directly with relevant state and territory government agencies and with the ACNC Advisory Board.

Our consultation model closely aligned with the proposed Engagement Code being developed under the National Compact by the Office for the Not-for-profit Sector.

As a result of the consultation, the ACNC's regulatory approach was amended and we published the changes on our website along with the reasons for each change. This allowed charities to see where and how their feedback was taken into account.

A public consultation was also conducted regarding the 2014 Annual Information Statement. This is the form that charities will use to report charity information (including financial information) to the ACNC.

The ACNC sought response on a consultation paper and our Annual Information Statement policy. We received 116 responses via an online survey, 44 written responses and a number of issues were raised at various face-to-face consultation sessions and via a Facebook forum.

User groups

The ACNC carried out work to establish two user groups: the ACNC Sector User Group and the ACNC Professional User Group.

The Sector User Group comprises invited representatives of the charity sector and government agencies that interact with charities. The Professional User Group brings together professional advisers along with representatives of government agencies.

Both groups will consider matters of procedure, publications and sector interaction. They will assist the ACNC to improve our regulation of charities and to be open and accountable about the way we work and our processes. Both will meet bi-annually commencing in 2013–14.

Guidance and education

In addition to public consultations, the ACNC offered face-to-face support to charities across Australia.

Over the year we conducted three major activities to accomplish this:

- a series of community presentations held in January and February 2013
- detailed ACNC information sessions delivered from February 2013 to the end of the financial year
- speaking events and presentations delivered by the Commissioner, Assistant Commissioners and staff at events and conferences.

Community presentations

Community presentations in January and February 2013 introduced charities to the ACNC. Twenty presentations were held across Australia, conducted in partnership with the Office for the Not-for-profit Sector and the Commonwealth Treasury. Tailored support for Indigenous charities was provided during specific sessions in Alice Springs, Darwin and Townsville. Approximately 2,000 individuals attended the presentations, which were an important way for us to speak directly to people involved in running charities.

Sessions covered:

- an introduction to the ACNC, its role, impact and benefits
- the ACNC regulatory approach consultation
- question time.

Most sessions also included an introduction to the Government's NFP reform agenda led by the Department of the Prime Minister and Cabinet, and a presentation on the governance standards and financial reporting consultation presented by the Commonwealth Treasury.

We also provided web-based presentations and videos to deliver information to people who were unable to attend sessions in person.

Presentations received positive feedback, with most participants finding the sessions useful and expressing an interest in attending future sessions.

Table 3.3: ACNC community presentations, locations and attendance

State/territory	City	Number of presentations	Number of attendees
ACT	Canberra	1	120
NSW	Lismore	1	40
	Sydney	2	380
NT	Alice Springs	2	30
	Darwin	2	90
QLD	Brisbane	2	370
	Townsville	2	70
SA	Adelaide	2	125
TAS	Hobart	1	110
	Launceston	1	70
VIC	Melbourne	2	350
	Shepparton	1	65
WA	Perth	1	175
Total		20	1,995

Information and education sessions

The ACNC began a program of information and education sessions in February 2013 with sessions scheduled to continue in 2013–14.

Twenty eight sessions were conducted during the year in cities and towns in all states and territories, including regional areas. More than 1,500 people attended these sessions.

Table 3.4: ACNC information and education sessions, locations and attendance

State/territory	City	Number of presentations	Number of attendees
ACT	Canberra	1	81
NSW	Coffs Harbour	1	54
	Dubbo	1	25
	Sydney	2	141
NT	Alice Springs	1	16
	Darwin	1	21
QLD	Brisbane	2	146
	Gold Coast	1	52
	Sunshine Coast	1	37
	Townsville	1	27
SA	Adelaide	2	139
TAS	Burnie	1	26
	Hobart	1	87
	Launceston	1	45
VIC	Geelong	1	48
	Melbourne	1	73
WA	Broome	1	48
	Bunbury	1	47
	Geraldton	1	21
	Kalgoorlie	1	19
	Perth	4	406
	Port Hedland	1	20
Total		28	1,579

Sessions offered practical guidance and support, to help charities understand the role of the ACNC and how it affects them. Sessions focused on providing useful information, including take-home materials, and offered opportunities to work through case studies and to ask questions about issues relevant to charities.

Feedback from attendees showed that the sessions were a valuable way for the ACNC to connect with charities across the country, to respond to concerns and to reassure and guide charities. Participants also valued our readiness to answer difficult questions on the spot.

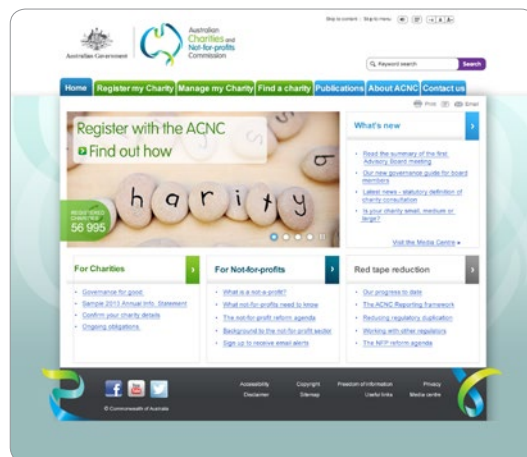
We piloted specialist sessions for charities according to the type of activity they undertake. For example, we held a dedicated session for advisers of charities and another for arts and culture groups, both in Western Australia. Future information sessions will continue this targeted approach with key groups.

We also plan to deliver presentations via alternative media such as teleconferences for remote organisations that have limited access to web-based options.

Speaking events

Throughout 2012–13 the ACNC presented at more than 80 events including conferences, board meetings, seminars, training sessions, exhibitions, forums and workshops. Events were hosted by charities, professional bodies, industry stakeholders, and government agencies. The hosts of these events contacted the ACNC to request a staff member as a speaker. All requests were reviewed by the ACNC and a speaker was provided wherever possible. Sector representation at these events was often high, giving charities another opportunity to learn about the ACNC and speak with ACNC staff.

Online



acnc.gov.au

The ACNC website is the primary platform for the delivery of ACNC advice, education and guidance content to charities.

The website was developed to meet the needs of the charity sector. The ACNC conducted user testing with representatives from the sector, focusing on the key tasks for charities using the website. Throughout 2012–13 improvements were made to content structure, navigation and to ensure we used commonly understood terminology.

We developed our website content to include information in a variety of formats, such as audio and video, factsheets, guides, policies and reports. We created and adapted content in response to feedback from charities. We were proactive in using the website to alert charities to forthcoming changes and to provide guidance on how to prepare for these changes.

In its first seven months of operation, the website was used heavily by the sector and the community with over 1.2 million pageviews.

During the year there were 244,165 visits to the website (of which 120,818 were new visitors and 123,347 were returning). The ratio of new to returning visitors indicates a continued growth in awareness of the ACNC, whilst we also met the needs of returning visitors.

 **More than
1.2 million
views of acnc.gov.au**

 **244,165**
visitors to acnc.gov.au

Online consultations

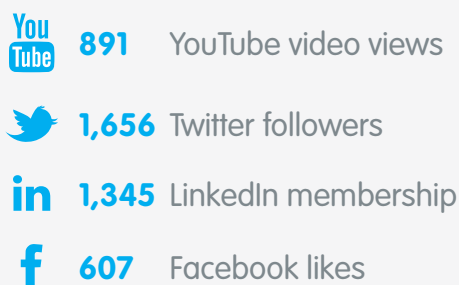
In 2012–13 the ACNC used online consultation tools to engage with the sector, seeking their opinions and feedback. We used an online survey tool to connect with 257 people through our regulatory approach and 2014 Annual Information Statement public consultations. In April 2013 we also invited the sector to communicate with us through a live question and answer session conducted on Facebook, discussing the 2014 Annual Information Statement. Approximately 53 charities participated, offering busy or remote participants an effective and time efficient way to connect with us.

Social media

Charities use social media as a key communication tool for raising awareness with their target audiences. In 2012–13 we also participated in these communication channels in order to reach our audience. Our social media presence encouraged interaction and engagement with the sector across Twitter, Facebook, YouTube and LinkedIn. Our continued growth and reach across each of these platforms during the financial year indicates that the sector is eager to engage with us via social media.

The ACNC Executive has access to our social media accounts so they are able to communicate with the sector and the public directly using these media.

Figure 3.7: Social media communications, 2012–13



Multimedia content

The ACNC developed information in a number of formats to meet the various needs of the sector. We produced a series of multimedia products including podcasts and videos on key topics of importance to charities. These products were designed to be accessible and could be played by charities at their board meetings. All multimedia content was either captioned or transcribed.

The podcast series included six episodes that introduced the ACNC, explored registration requirements and explained different charity-types. The titles were:

- 01 About the ACNC
- 02 Who can register
- 03 Religious charities
- 04 Public benevolent institutions
- 05 Health promotion charities
- 06 Ongoing obligations.

Podcast pages on our website were popular, receiving over 1,400 pageviews.

Our accessible videos drew praise over the year, especially from charities assisting people with special needs.

Subscription email service

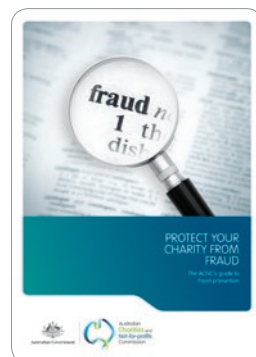
During 2012–13 subscription to our email update service grew to 7,579 subscribers. Subscribers received 21 emails from the ACNC. This was an important communication tool used to:

- update charities about important new information on our website
- invite charities to get involved in public consultation sessions
- invite charities to attend our events, presentations and information sessions
- send forms that required action or a response
- distribute the fortnightly Commissioner's Column.



7,579
subscribers to
ACNC email updates

Publications



The ACNC's publications and guidance products were focused on helping charities to register, understand and comply with their obligations under the ACNC Act. We provided information in plain language, as it was needed, and packaged in a way that was easy to use. Our goal was to deliver targeted, quality guidance to support charities to:

- increase their awareness and understanding
- take appropriate action where necessary
- maintain access to resources for ongoing reference.

Within 10 working days of registering with the ACNC, we sent newly registered charities the ACNC Charity Pack. The Pack welcomed registered charities, their board members and management committees to the ACNC and provided the essential information they needed to meet their obligations.

The Charity Pack contained:

- the charity's registration certificate
- a DVD with a welcome message from the Commissioner and the Assistant Commissioners
- a PowerPoint presentation explaining what it means to be a registered charity and providing information about the ACNC and its role
- a plain language guide to the ACNC Act
- guidance on how to report to the ACNC
- factsheets about the regulation of charities in the charity's relevant state or territory
- answers to some frequently asked questions.

The Charity Pack DVD is fully captioned as it was developed with diversity and accessibility in mind.

Additionally, in the lead up to the release of the 2013 Annual Information Statement we produced guidance material that gave clear timeframes and information about what to expect. We developed sample Annual Information Statement forms to give charities time to familiarise themselves with requirements.

Some of our key products included factsheets, frequently asked questions and general webpages on:

- who can register with the ACNC
- types of charity and charitable institutions, such as public benevolent institutions, health promotion charities, deductible gift recipients and religious charities
- how to register, including help with starting a charity
- how to search the Register, and donate/volunteer
- the ongoing obligations of charities to the ACNC and other regulators.

We produced information and resources to help people manage their charities, including *Governance for Good – the ACNC's guide for charity board members*. The guide was well received by the sector and focused on good governance and the responsibilities of board members. We also produced a guide to help charities manage the risk of fraud in their organisation: *Protect Your Charity from Fraud – the ACNC's guide to fraud prevention*.

To further promote good governance, we provided a series of 'Quick tips', which are helpful snippets of information about key charity management topics and situations, such as choosing a new board member or holding an annual general meeting.

A snapshot of the ACNC's first 250 registered charities was published in May 2013. We also published our *NFP Reform and the Australian Government* report, which gave an overview of the reform agenda and the regulatory environment.

To help charities and their advisors understand their obligations, we developed a *Guide to the ACNC Act*. This guide enabled registered charities to understand what they needed to do, records they needed to keep and their reporting obligations to the ACNC.

Our goal was to deliver targeted, quality guidance to support charities.

Advice service

The ACNC established a multi-channel advice service to be a single point of contact for charities, NFPs and the general public. The service responds to requests for advice or information via email, telephone and post. We established this service to operate from 8 am to 8 pm during Australian Eastern Daylight Savings Time and 8 am to 7 pm during Australian Eastern Standard Time, to enable us to provide a comprehensive advice service to all of our customers across Australia regardless of time zone.

During 2012–13, the ACNC answered 16,373 telephone enquiries and received 28,231 items of correspondence.



16,373
phone calls
answered by the
ACNC advice service



28,231
items of
correspondence
received

The average wait time for customers using the dedicated telephone number (13 ACNC) was 11 seconds. The majority of telephone enquiries were general in nature and were straightforward to resolve. A small percentage (2.9 per cent) were deemed complex and required follow up. All but two complex telephone enquiries were responded to within one day.



11 seconds
average wait time
for customers
calling the ACNC

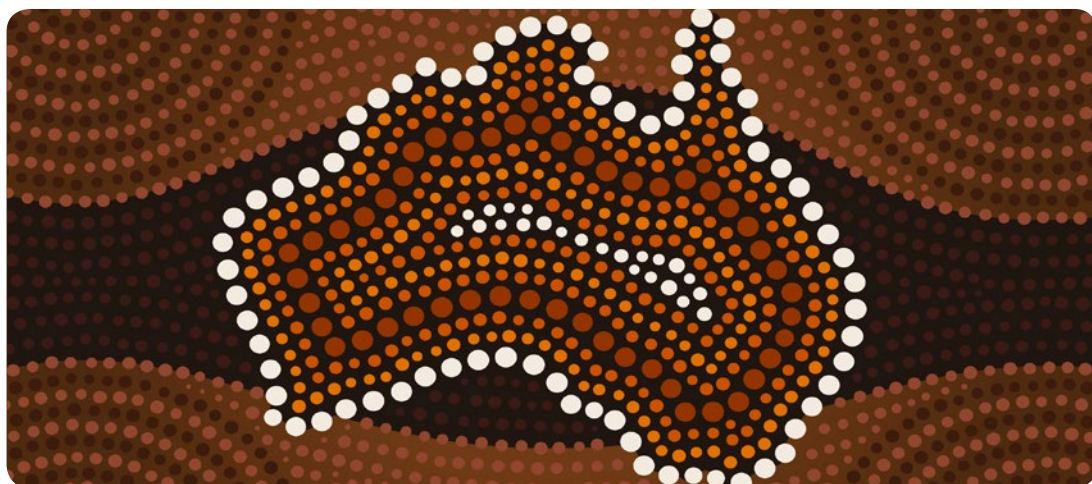
The service answered questions about registering charities and obligations under the ACNC Act, amongst others. It also received and handled:

- complaints about charities
- feedback about ACNC services
- correspondence received from charities.

Many written enquiries related to the ACNC's letter to all charities transferred from the ATO. Others related to:

- how to register a charity
- whether a charity was registered
- charity reporting requirements.

We provided additional services to people who required assistance accessing information. Staff utilised the National Relay Service to communicate with hearing-impaired customers and the Translating and Interpreting Service (TIS) for speakers of languages other than English. Eleven customers used the TIS service for assistance with Korean, Arabic, Mandarin, Burmese, Thai and Filipino languages during the year. The ACNC also employed two Aboriginal Liaison Officers to provide assistance to customers of Aboriginal or Torres Strait Islander descent who preferred assistance from a staff member with an Aboriginal background.



Feature

Supporting Indigenous charities

The ACNC recognises the diversity of Indigenous-controlled charities¹ and the important role they play in addressing the social and economic disadvantage experienced by many Indigenous Australians. Indigenous organisations are an important part of contemporary Indigenous society and their sustainability is an important factor in reducing Indigenous disadvantage. The ACNC has an Indigenous Communities Engagement Strategy – a key priority to support Indigenous charities to meet their ACNC Act obligations.

During the year ACNC staff undertook training to build Indigenous cultural awareness within their roles. The ACNC also employed two Aboriginal Liaison Officers to provide assistance to customers of Aboriginal or Torres Strait Islander descent who may prefer to liaise with staff from an Aboriginal background. The Aboriginal Liaison Officers also provided advice to other ACNC staff on engaging with Indigenous Australians and on the development of resource materials for Indigenous registered charities, for example a video to introduce charities to the ACNC and the role of the Aboriginal Liaison Officers.

¹ An organisation is considered to be Indigenous-controlled if:

- it is incorporated under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth) administered by the Office of the Registrar of Indigenous Corporations
- Indigenous people make up the majority of the organisation's membership, and the membership of its board or governing committee.

Chapter 3 – Driving regulatory and reporting simplification

The third object of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act) is to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit (NFP) sector.

In response to the addition of the third object in the ACNC Act, we established the Reporting and Red Tape Reduction Directorate. The third object was not funded in the ACNC budget so we reprioritised and reallocated our existing budget to ensure the ACNC's ability to contribute to red tape reduction for the NFP sector.

The ACNC commenced a comprehensive program of activities to work towards the achievement of this object, in collaboration with governments, professionals, peak bodies and the NFP sector.

Feedback from the sector throughout the year reinforced the importance of the ACNC's role in driving this object.

In 2012–13 we began work with other Commonwealth regulators and agencies to identify opportunities to reduce multiple requests for financial and governance information from charities. We also began work towards the implementation of the 'report once, use often' framework through the Charity Passport.

We engaged with states and territories with a view to align regulatory frameworks across jurisdictions, and minimise regulatory burden wherever possible.



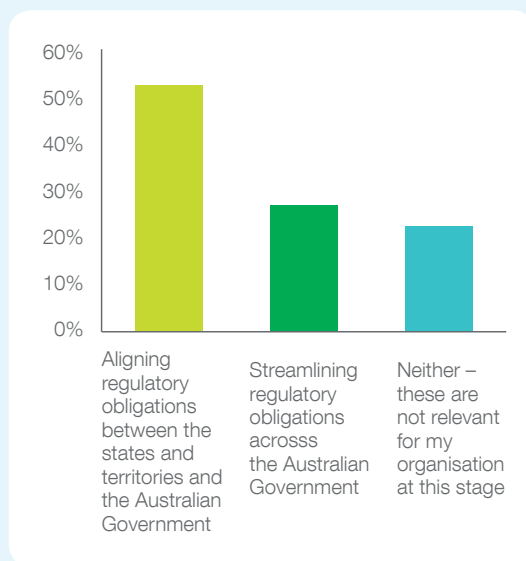
Feature

Australian Council of Social Service survey results

The ACNC sought input from the sector on how we should prioritise our work in this area through the Australian Council of Social Service (ACOSS) Community Sector Survey. Respondents were asked which of the following aspects of the ACNC's role would make the greatest difference to them:

- aligning regulatory obligations between the states and territories and the Australian Government, or
- streamlining regulatory obligations across the Australian Government.

Figure 3.8: ACOSS survey results
– respondents' priorities for regulatory reform



Respondents indicated aligning obligations between the states and territories and the Australian Government would make the greatest difference.

Sixty three per cent of large organisations felt that aligning obligations between the states and territories and the Australian Government would make the greatest difference compared to 37 per cent of small organisations.

Working with Commonwealth departments, agencies and other regulators

There is a whole-of-government emphasis on identifying unnecessary regulatory obligations, removing duplication, reducing burdensome requirements, streamlining and simplifying reporting for the NFP sector where possible. The ACNC plays a key role in driving and progressing this work.

Removing Not-for-profit Regulatory Duplication Working Group

The Removing Not-for-profit Regulatory Duplication Working Group (Working Group) is co-chaired by the ACNC and the Department of the Prime Minister and Cabinet. It is a forum that brings together Commonwealth regulators, with the aim of minimising any duplication in regulatory requirements for NFPs.

The Working Group comprises the following agencies:

- ACNC
- Department of the Prime Minister and Cabinet
- Australian Securities and Investments Commission
- Department of Education, Employment and Workplace Relations
- Department of Families, Housing, Community Services and Indigenous Affairs
- Department of Finance and Deregulation
- Australian Skills Quality Authority
- Registrar of Community Housing (NSW) (representing the National Regulatory System for Community Housing)
- Department of Human Services
- Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education

- Office of the Registrar of Indigenous Corporations
- Tertiary Education Quality Standards Agency.

The Working Group focuses on regulatory duplication issues including:

- mapping the regulatory requirements of the NFP sector with a view to removing unnecessary or duplicative obligations
- examining the interaction between regulators with a view to agreeing an appropriate demarcation of responsibilities. This will establish a clear set of protocols for information sharing and compliance activity
- progressing the development and implementation of the Charity Passport. The Charity Passport will help streamline charities' interactions with other regulators and Commonwealth departments that collect similar information to the ACNC through charity annual reporting.

There is a whole-of-government emphasis on... streamlining and simplifying reporting for the NFP sector where possible. The ACNC plays a key role in driving and progressing this work.



Feature

The Charity Passport in practice

The Charity Passport will be a key part of reducing reporting duplication for the sector. The aim of the Charity Passport is to collect information and make it available to government agencies. Once in place, charities will report once to the ACNC, and other authorised government agencies will be able to access that information from our database. This will substantially provide the core information these agencies require when procuring services or assessing grant applications.

This 'report once, use often' approach will amount to considerable time and administrative saving for charities when they interact with government. The Charity Passport will be progressively introduced and will be fully populated from December 2014 onwards. It will consist of information provided by charities to the ACNC:

- during registration
- in response to a 2013 letter requesting charities update their details
- in Annual Information Statements
- in financial statements (for medium and large registered entities)
- through ongoing obligations for charities to update their details.

The use of the Charity Passport by Commonwealth Government agencies that are subject to the revised Commonwealth Grant Guidelines has been mandated. The revised Guidelines (which took effect from 1 June 2013) mean Commonwealth agency staff must not request information from registered charities which has already been provided to the ACNC. Further, if a charity provides an annual audited financial statement to the ACNC, then a financial acquittal should not be required, unless the granting activity is higher risk.

The ACNC is working directly with Commonwealth agencies to start streamlining processes as a result of the revised Commonwealth Grant Guidelines. As the ACNC Register is expanded over the coming years, the savings for charities when they interact with government will increase with the use of the Charity Passport.

Commonwealth Grant Guidelines

In 2012–13 the Department of Finance and Deregulation (Finance) updated the Commonwealth Grant Guidelines which took effect on 1 June 2013.

The ACNC worked closely with Finance on the impact of the changes to the Commonwealth Grant Guidelines and will continue to work with Commonwealth departments to support their implementation and remove duplicative reporting for charities.

Charity working parties

During 2012–13 the ACNC established two ongoing charity-type working parties, with a third under development. These included the Non-government School Streamlined Reporting Working Party, the Social Services Working Party and the International Activities Working Party (under development). These working parties were set up to map the regulatory and reporting requirements for their charity-types, to identify and reduce areas of duplication and to streamline reporting over a planned period.

The working parties are the first of up to 25 to be progressively established that focus on varying charity-types, such as charities focused on culture or religion. We adopted the United Nations' International Classification of Non-Profit Organisations as a framework for the establishment of the working parties. This framework classifies NFPs based on their primary area of activity.



The working parties will identify and recommend practical strategies to remove unnecessary or duplicative reporting arrangements. They will foster a co-ordinated and sustained effort and, over time, will bring together relevant Commonwealth (and potentially state and territory) government departments and agencies, as well as NFP sector bodies. Membership in the first instance includes Commonwealth agencies and sector bodies.

01 The Non-government Schools

Streamlined Reporting Working Party

includes members from the Department of Education, Employment and Workplace Relations (DEEWR), the Australian Curriculum Assessment and Reporting Authority, the Independent Schools Council of Australia, and the National Catholic Education Commission.

It was established with a shared interest in minimising the administrative burden on the non-government schools sector. In 2012–13 it began considering transitional arrangements and appropriate processes to ensure non-government schools and systems meet their reporting obligations to both the ACNC and DEEWR. It also gives consideration to the longer term reporting arrangements of non-government schools with a view to identifying a primary channel for data collection, consistent with our 'report once, use often' framework.

The Working Party held two formal meetings in February and May 2013 and work commenced on mapping the regulatory obligations on non-government schools.

02 The Social Services Working Party brings together Commonwealth Government representatives from the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and DEEWR along with sector representatives providing family support, child care, child welfare, youth services, youth welfare, disability services, and general social service welfare provision. The Working Party met in June 2013 to identify the scope and nature of sector reporting to the Commonwealth Government. It commenced work to identify opportunities to reduce reporting required by social services charities. The group decided on priority areas of focus including grant processes.

03 The International Activities Working Party has been discussed with key government and sector bodies. It is due to be established and hold its first meeting in the latter part of 2013.

The working parties will identify and recommend practical strategies to remove unnecessary or duplicative reporting arrangements.

Work with Commonwealth agencies

In 2012–13 the ACNC commenced work with Commonwealth agencies whose legislation was amended due to our establishment.

The Australian Securities and Investments Commission

The Australian Securities and Investments Commission (ASIC) is Australia's corporate, markets and financial services regulator.

The ACNC established an ongoing relationship with ASIC to manage approximately 6,000 companies that were registered with ASIC and also registered as charities with the ACNC.

Under the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* (Cth) (ACNC Consequential and Transitional Act) some of the most common ASIC reporting and notification obligations for charities are replaced with requirements to notify and report to the ACNC. Others will be replaced in 2014.

Charities registered with ASIC will primarily report to the ACNC, and consequentially do not need to pay the ASIC annual review fee. There is no fee to report to the ACNC or to become a registered charity.

The ACNC collaborated with ASIC throughout the year to ensure a smooth transition for these charities. We also signed a memorandum of understanding (MOU) with ASIC in June 2013 to consolidate and strengthen our working relations. The MOU allows for future information sharing, staff secondments, mutual training arrangements, joint taskforces and service agreements.

Office of the Registrar of Indigenous Corporations

The Office of the Registrar of Indigenous Corporations (ORIC) registers Aboriginal and Torres Strait Islander organisations as corporations under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth) (CATSI Act). Of the 2,400 Aboriginal and Torres Strait Islander corporations registered with ORIC, more than 500 are charities registered with the ACNC.

In June 2013 we signed an MOU with ORIC agreeing to collaborate to deliver efficient regulation for Aboriginal and Torres Strait Islander registered charities. The MOU confirms that the ACNC will accept reports lodged with ORIC under the CATSI Act as satisfying ACNC annual reporting requirements, until at least 2014–15.

This agreement will reduce the number of times organisations have to report.

The Australian Taxation Office

Before the establishment of the ACNC, charities applied to the Australian Taxation Office (ATO) to have their organisation endorsed as a charity and to receive Commonwealth tax concessions. The ACNC took over the responsibility for determining charitable status. The ATO continues to maintain legislative responsibility for determining eligibility for Commonwealth tax concessions.

In order to streamline the process for charities, organisations are able to apply for charity tax benefits with the ATO when applying to register their organisation with the ACNC. After we have decided charity status, we send the application for tax benefits through to the ATO to decide concession eligibility.

The Australian Agency for International Development

Throughout 2012–13 the ACNC worked with the Australian Agency for International Development (AusAID) to:

- streamline the application processes of AusAID Non-government organisation Cooperation Program (ANCP) accreditation
- streamline the processing of the Overseas Aid Gift Deduction Scheme.

The ACNC worked closely with AusAID on how AusAID can use data submitted to the ACNC by non-government organisations (NGOs) to reduce the reporting burden on Australian aid and development NGOs.

The ACNC worked with AusAID to progress the development of the International Activities Working Party.

The Department of Families, Housing, Community Services and Indigenous Affairs

In February 2013, a senior executive officer from the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) commenced a 12 month secondment with the ACNC. The secondee focused on the ACNC's red tape reduction objective, working with Commonwealth Government agencies and supporting the charity working parties.

The ACNC conducted data matching with FaHCSIA to determine grant recipients that were also ACNC registered charities and identified opportunities for information exchange as part of the Commonwealth Grant Guidelines requirements.

During the establishment of the Social Services Working Party, we worked with FaHCSIA to define scope and membership.

The Department of Education, Employment and Workplace Relations

The ACNC met with the Department of Education, Employment and Workplace Relations (DEEWR) throughout 2012–13 to progress projects including:

- data matching relating to DEEWR grant recipients, identifying opportunities for information exchange
- implementation of legislative amendments aimed at removing duplication in the provision of financial information by large day care centres to the ACNC and DEEWR
- determining the scope and membership of the Social Services Working Party
- collaborating on the Non-government Schools Streamlined Reporting Working Party.

The Department of Health and Ageing

ACNC staff met with the Department of Health and Ageing (DoHA) to discuss aged care provider regulation. Key to discussions was the possibility of streamlining reporting and notification duties for charities under the ACNC Consequential and Transitional Act. The *Aged Care Act 1997* (Cth) was amended so that an approved provider is not obliged to notify the DoHA Secretary of a change to key personnel if they are a responsible person of an ACNC registered charity. They are instead required to notify the ACNC of the change.

In order to identify potential opportunities to streamline obligations, we also completed a data matching exercise that identified entities subject to DoHA regulatory requirements that are also ACNC registered charities.

The Tertiary Education Quality and Standards Agency

The ACNC established a working relationship with the Tertiary Education Quality and Standards Agency (TEQSA). Practical initiatives have included data matching which identified that 53 per cent of TEQSA entities are registered charities on the ACNC Register (the Register). The ACNC also commenced a process of comparing information requested by TEQSA from registered charities with that required by the ACNC for annual reporting purposes – with a view to removing any duplication.

The Australian Skills Quality Authority

The ACNC met and worked with key personnel in the Australian Skills Quality Authority (ASQA) during 2013. Data matching between the two regulators identified that 17 per cent of ASQA entities are registered charities on the Register. The ACNC also commenced a process of comparing information requested by ASQA with that required by the ACNC for annual reporting purposes.

The National Regulatory System for Community Housing

During the financial year the ACNC had a preliminary discussion with the National Regulatory System for Community Housing. This concerned the development of protocols and procedures for common areas of regulation and reporting, including possible coordination of regulatory action. This will assist in reducing unnecessary regulatory obligations for charities subject to both regulatory frameworks.

Deductible gift recipient registers

In 2012–13 the ACNC met with representatives from the following deductible gift recipient registers and formed a working group to progress the streamlining of registration and reporting requirements:

- Register of Environmental Organisations, administered by Department of Sustainability, Environment, Water, Population and Communities
- Register of Cultural Organisations, administered by Department of Regional Australia, Local Government, Arts and Sport
- Register of Harm Prevention Charities, administered by FaHCSIA
- Overseas Aid Gift Deduction Scheme, administered by AusAID.

Alignment and harmonisation of state and territory legislation

During the financial year, the ACNC held discussions with all jurisdictions with the aim of minimising regulatory burden wherever possible. The ACNC is also involved in the Council of Australian Governments Not-for-Profit Reform Working Group.

Two jurisdictions, South Australia and the Australian Capital Territory, announced their intention to align their regulatory and reporting arrangements for charities with the ACNC. The ACNC is working with two other jurisdictions on mechanisms to align reporting.

In the Australian Capital Territory, the changes will mean that charities incorporated as associations will not be subject to any duplicative reporting to the ACNC and the Office of Regulatory Services. Amendments will also be made to the *Charitable Collections Act 2003* (ACT).

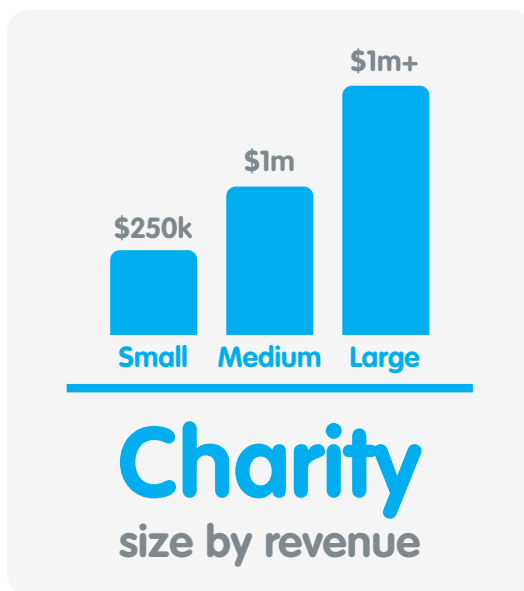
South Australia will make amendments to its incorporated associations and charitable collections legislation. This will harmonise reporting requirements and authorise charities to collect charitable donations in South Australia once they have formally registered with the ACNC.

There is also work being undertaken by the Legislative and Governance Forum on Consumer Affairs, involving all states and territories and the Commonwealth Treasury, on developing options for a nationally consistent approach to fundraising regulation. It has been agreed that charitable fundraising reform should be advanced, with a view to reducing red tape and regulatory burden. Some of these reform proposals are likely to involve the ACNC.

Reporting to the ACNC

All registered charities are required to report annually to the ACNC. The level of reporting is proportionate to the charity's size.

- **Small charities** (annual revenue of less than \$250,000) only need to submit an Annual Information Statement and can choose to submit an annual financial report, but this is not required.
- **Medium charities** (annual revenue between \$250,000 and \$1 million) must lodge an Annual Information Statement and for the 2014 reporting period onwards must also lodge an annual financial report that is either reviewed or audited.
- **Large charities** (annual revenue of \$1 million or more) must lodge an Annual Information Statement and for the 2014 reporting period onwards must also lodge an annual financial report that is audited.



Annual Information Statements

All registered charities must lodge an Annual Information Statement with the ACNC each year which seeks to capture information about the operation and activities of the charity and how it pursued its charitable purpose.

2013 Annual Information Statement

Consistent with the Assistant Treasurer's announcement in May 2012, the Annual Information Statement for 2013 requests no financial reporting as a transitional measure for the sector. Therefore, during the 2013 reporting period, all registered charities must report basic non-financial information through the 2013 Annual Information Statement. It is due within six months of the end of a charity's reporting period.

This Annual Information Statement will be the first report that charities will provide to the ACNC and all subsequent Annual Information Statements will be pre-populated with data from the 2013 Annual Information Statement and take less time to update. The ACNC conducted user testing which showed that the majority of participants completed the 2013 Annual Information Statement in 10 to 45 minutes. The information gathered through the 2013 Annual Information Statement will form part of the ACNC's 'report once, use often' framework.

2014 Annual Information Statement

During the financial year, the ACNC commenced work to develop the 2014 Annual Information Statement, which charities will use to report on their activities for the 2013–14 reporting period. This form will also be used for subsequent years and will include financial information proportional to the size of the charity.

During March and April 2013 the ACNC conducted an in-depth public consultation on the 2014 Annual Information Statement, including face-to-face consultation, teleconferences and an online forum. We engaged with key stakeholders to gather feedback and input into the proposed content of the 2014 Annual Information Statement.

Consultation sessions demonstrated that the sector endorsed and agreed with much of the proposed approach to the 2014 Annual Information Statement. The main concerns surrounded the amount of financial information being requested, the financial literacy required, and the need for certain information. Representatives reiterated that the ACNC would need to focus on supporting and guiding smaller charities in their completion of the 2014 Annual Information Statement.

We received 116 online responses, 44 written submissions and a number of issues were raised during the face-to-face consultation sessions. Responses were useful in determining the financial information that will be requested in the 2014 Annual Information Statement. These financial elements together with a detailed guide will be released by the ACNC in 2013–14.

National Standard Chart of Accounts

On 12 June 2013, the ACNC formally received the National Standard Chart of Accounts (NSCOA) from the Australian Centre for Philanthropy and Nonprofit Studies at Queensland University of Technology. The NSCOA provides a common approach to capturing accounting information for use by NFPs, government agencies and other interested parties. Although use of the NSCOA is optional for charities, the Commonwealth Government and states and territories have agreed to accept NSCOA. Adopting it can ease charities' administrative burden as it is an agreed set of accounting guidelines which will save them time and money, particularly when reporting to government.

A 2011 study in Victoria, where a state-version of the NSCOA was in use, found NFP organisations had saved more than \$3 million over one year.

The ACNC and Commonwealth, state and territory government officials will continue to work on the implementation and use of NSCOA across jurisdictions.



04

Management and accountability

Corporate governance	66
External scrutiny and accountability	68
Management of human resources	70
Technology and systems	72
Asset management	73
Purchasing and consultancies	73
Disability reporting	73
Freedom of Information	74

Corporate governance

The ACNC's corporate governance is designed to facilitate effective decision making, efficient use of resources and to ensure we meet our obligations. It also encourages participation by staff across the ACNC.

The Commissioner

The *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (ACNC Act) (Part 5-2) provides for the Commissioner's establishment, functions and powers, including terms and conditions of employment. The Governor-General appointed Susan Pascoe AM as the Commissioner of the ACNC for a period of five years from 7 December 2012 until 30 September 2017.

Corporate and operational planning

Prior to the formal establishment of the ACNC, staff on the ACNC Taskforce developed a strategic plan to guide the new regulator. ACNC governance and business planning is facilitated by the strategic planning framework. The *ACNC 2012–15 Strategic Plan* sets our organisational vision, mission, values and strategic priorities for the three year period. The strategic priorities closely align with the objects and functions of the ACNC Act. The Strategic Plan can be found on our website.

The ACNC will continue to develop annual business plans to ensure our annual planning meets the objects of the ACNC Act, giving effect to the strategies set out in the Strategic Plan. The Business Plan aligns with our strategic priorities including our objectives, activities, budgets, resources and performance measures. It ensures we identify the priorities for the year and we commence building the foundations that position us to achieve our objectives for the years ahead. Quarterly reports on the performance indicators in the Business Plan were provided to the ACNC Advisory Board (the Board).

The 2012–13 Business Plan was finalised and communicated to all staff in November 2012. It enabled the ACNC to focus on the most critical priorities for implementing the ACNC Act. The 2012–13 Business Plan was complemented by Directorate work plans. These articulated how we delivered our priorities for the year and provided the Executive with a clear line of sight between team outcomes and the ACNC's strategic priorities.

Internal governance

The ACNC committee structure supports the Executive by providing oversight on key areas of focus for the business. The structure ensures decisions are made efficiently, particularly when promoting the objects of the ACNC Act, the ACNC's strategic priorities and an effective risk management framework. Decisions are made by the Executive on the ACNC's policies, procedures and governance approach.

Management committees

These committees form the basis by which the Commissioner monitors the ACNC's performance and makes decisions.

- **Executive Committee** – comprises the Commissioner and two Assistant Commissioners and is supported by the Executive Adviser to the Commissioner. The Executive meets weekly and decisions of the Executive are promptly reported to Directors for action and communication to their teams.

- **Management Committee** – comprises the Commissioner, two Assistant Commissioners and Directors. It meets monthly with agenda items provided by any member and covering any aspect of the ACNC's work benefiting from broad input. Directors provide monthly written reports to the Management Committee on the priorities in their Directorate plans.

Operational committees

The ACNC's operational committees focus on core areas of work and oversee the implementation of action plans and projects. Membership is broad to ensure that those with relevant expertise or responsibility are present.

- **Audit and Risk Committee** – manages risk and audit functions for the ACNC, including oversight of contracts, budgets, fraud control, memoranda of understanding and maintenance of ethical standards. This committee is chaired by the Commissioner.
- **Communications Committee** – responsible for developing, implementing and monitoring the ACNC's Stakeholder Engagement Plan and co-ordinating our range of internal and external information products.
- **Compliance Committee** – responsible for developing, reviewing and monitoring strategies and policies supporting the ACNC's integrated intelligence and compliance operations. Develops strategies to identify and address emerging compliance issues and to ensure objectivity, accountability and transparency in compliance processes and decisions.
- **Reporting Committee** – responsible for developing and monitoring initiatives to reduce unnecessary regulatory requirements for not-for-profits (NFP). The reporting committee is also responsible for matters related to the development and maintenance of the ACNC reporting framework. This committee is chaired by the Commissioner.

Internal audit, risk management, audit controls and ethical standards

For the purposes of the *Financial Management and Accountability Act 1997* (Cth) (FMA Act) the ACNC's financial operations are managed according to the Australian Taxation Office's (ATO) established processes for internal audit, risk, fraud control and maintaining ethical standards.

In addition to this, the ACNC has established its own risk function which is overseen by the ACNC Audit and Risk Committee.

The Business Plan... enabled the ACNC to focus on the most critical priorities for implementing the ACNC Act.



External scrutiny and accountability

The ACNC's decisions and operations are subject to review by a range of external bodies including the courts and the Administrative Appeals Tribunal (AAT), Parliamentary Committees, the Australian National Audit Office, the Commonwealth Ombudsman and the Privacy and Information Commissioner.

During 2012–13 the ACNC was not the subject of a report by any external body.

Review and appeals

The ACNC Act establishes the Commissioner's regulatory powers. These powers are delegated to the two Assistant Commissioners, who have in turn authorised officers to make decisions on their behalf.

The ACNC Act (Part 7-2) sets out a formal reviews and appeals procedure for certain decisions. These decisions must be internally reviewed by another ACNC officer, before being reviewed by the AAT and/or appealed to a court.

Other decisions may be directly appealed to a court for judicial review.

Internal review – statutory

Under the ACNC Act, the following ACNC decisions can be internally reviewed:

- refusal to register the charity or a sub-type charity (section 30-35)
- revoking (or not revoking) the charity's registration (section 35-20)
- directing the charity to do (or not do) something, changing such a direction or not changing or removing a direction after 12 months (section 85-25)
- refusing to remit part or all of an administrative penalty if the remaining penalty is more than two penalty units (section 175-60(3)).

Under the ACNC Act, a responsible person can seek an internal review of the following ACNC decisions:

- suspending the responsible person from a position or changing the time a suspension of the responsible person ends (section 100-10(10))
- removing the responsible person from a position (section 100-15(7)).

Applications for internal review must be made using the ACNC's Notice of Objection form within 60 days of the original decision. If the time period has passed and the charity still wishes to seek internal review, it must request an extension of time in writing and set out the reasons for not meeting the timeframe. The ACNC can agree or not agree to the request.



When the ACNC receives a Notice of Objection about one of these types of decisions, an ACNC officer who did not make the original decision will review the decision. The ACNC has 60 days from receiving the Notice of Objection to review the original decision.

During 2012–13 one Notice of Objection was received in relation to a decision not to register a sub-type charity. At 30 June 2013 this Notice of Objection was being reviewed internally in line with our formal review procedures. No objection decisions were made during the financial year.

Internal review – reconsideration

The ACNC will provide a mirror internal review process for decisions not covered by the statutory review approach. These include a decision not to withhold information from the ACNC Register (ACNC Act section 40-10) and a decision to issue a formal warning (ACNC Act section 80-5).

These types of internal review decisions can only be appealed to a court on the legality of the decision making process, rather than the substance of the decision.

During 2012–13 no reconsiderations were sought on these types of decisions.

External review – Administrative Appeals Tribunal

If a charity or responsible person is unhappy with the ACNC's decision, on review, they can apply for further review by the AAT. An application to the AAT must be made within 60 days of the review decision. If the ACNC does not agree to accept a late review application, the AAT can also review that decision.

An AAT decision can be further appealed to a court.

Decisions not covered by the ACNC Act's reviews and appeals process cannot be reviewed by the AAT.

During 2012–13 no ACNC decisions were appealed to the AAT.

External review – court appeal

A charity or responsible person can also appeal objection decisions directly to a court, within 60 days of the objection decision.

Applications to the AAT and appeals to the court may be limited to the charity or responsible person's reasons for reviewing the original decision.

Decisions not covered by the ACNC Act reviews and appeals process can only be appealed to the court if the decision making process was unlawful.

During 2012–13 no ACNC decisions were appealed to a court.

Management of human resources

ACNC staff work under the Commissioner's direction, and are provided by the Commissioner of Taxation. They are made available for this purpose in accordance with the ACNC Act.

Workforce profile

As at 30 June 2013 the ACNC had 104 employees.

The employee count included an external secondee from the Department of Families, Housing, Community Services and Indigenous Affairs.

The ACNC recruited five staff during the financial year to meet ongoing requirements under the ACNC Act. This does not include temporary or contract positions.

In recruiting ACNC staff, considerable emphasis was placed on hiring individuals with genuine insight and experience in the NFP and community sectors. In their work, this allowed ACNC staff to take into account the diversity and needs of the sector.

Details of our workforce are shown in Table 4.1 and Table 4.2.

Table 4.1: Employee breakdown, 2012–13

Employee group	Total
Ongoing full-time	94
Ongoing part-time	6
Non-ongoing	4
Total	104

Table 4.2: Employees by classification and gender, 2012–13

Classification	Female	Male	Total
APS3	1	1	2
APS4	13	7	20
APS5	7	1	8
APS6	17	17	34
EL1	21	8	29
EL21*	5	2	7
EL22*	1	0	1
SES1*	0	2	2
SES2**	1	0	1
Total	66	38	104

* These numbers reflect substantive senior staff appointments.

** Statutory office holder.

Training and development

The ACNC developed and implemented a corporate induction program to streamline the induction process for new employees. The program included tailored presentations and key corporate information to effectively skill new staff. The sessions provided essential knowledge to new recruits regarding the operation of the ACNC, work practice in the Australian Public Service and the particular conditions of the ATO's Enterprise Agreement.

ACNC staff were supported through further learning and development activities, incorporating externally run courses within their performance development. Activities included conferences, forums and training courses.

The ACNC commenced work on an organisational learning and development framework tailored specifically to the ACNC. The framework was developed with a particular focus on addressing:

- key strategic capability areas
- key initiatives to implement organisation-wide
- business-as-usual learning and development needs for individuals
- ACNC job family clusters and business units.

This project will continue to be implemented in 2013–14 and enable the ACNC to build and strengthen staff capabilities.

During the year the ACNC conducted three sector seminar sessions with:

- 01** The Australian Council for International Development
- 02** Entrust Foundation
- 03** representatives of various trustee companies (ANZ Trustees Limited, Equity Trustees Limited, Perpetual Private – Philanthropy, State Trustees Limited, The Trust Company).

These sessions were designed to feature presentations and discussions from practitioners and experts in the community and provided a reflective and informal learning environment to share information. Seminars provided ACNC staff the opportunity to connect and engage with the sector, build relationships and gain an understanding of sector achievements, challenges and concerns.

The ACNC also conducted internal town hall meetings which are organisation-wide meetings providing staff the opportunity to engage with the Executive team, receive mandatory information and training, share knowledge and keep up to date on important messages.

ACNC Advisory Board member remuneration

ACNC Board members are appointed by the Minister (the Assistant Treasurer) and remuneration is determined by the Remuneration Tribunal.

Executive remuneration

The Commissioner's remuneration is determined by the Remuneration Tribunal. Other executive remuneration arrangements are within the Senior Executive Service (SES) guidelines set by the ATO and covered in their annual report.

Enterprise agreements and performance pay

ACNC employees are covered by the ATO's enterprise agreement and are therefore bound by all terms and conditions in relation to performance review cycle and pay. These are reported in the ATO's annual report.

Occupational health and safety

ACNC employees are covered by the ATO's occupational health and safety processes and fall within the ATO guidelines. These are reported in the ATO's annual report.

Technology and systems

Prior to the commencement of the ACNC, the ATO was tasked with providing information technology (IT) support in the establishment of the ACNC. This included support in creating the ACNC website and online registration function as well as the provision of IT systems.

The ATO contracted an external provider to deliver the application that houses our website and our back-end database of registered charities (our registration and customer relationship management system).

Management of the contract with this external provider was handed over to the ACNC in February 2013. This enabled us to prioritise outstanding activities and tasks directly with the external provider and to collaborate on preparations for future enhancements to the system.

Since the ACNC's establishment, the ATO has continued to provide back-office support in a number of ways, including:

- provision of the corporate systems used by the ACNC for human resources, finance and staff management
- desktop computer support, including laptops and mobile phones
- procurement of hardware and software, to leverage off existing ATO contracts.

The relationship between the IT areas of the ACNC and ATO are managed through a memorandum of understanding.

IT enhancements

At establishment, the ACNC website included an online registration application form and automated acknowledgement system. These systems enhanced the charity sector's interactions with us and provided a user-friendly, efficient channel to apply for registration. Whilst the ACNC registration form is available in hard copy, upon request, 98.6 per cent of the charity registration applications received during the financial year were successfully submitted using the online form.

Throughout the financial year we also worked to prepare our systems to upgrade the search functionality of the ACNC Register. We undertook activities to prepare the system for enhancements in 2013–14, which will enable charities to update their organisation's details online.

Additionally, we conducted user experience testing on the usability, stability and effectiveness of the ACNC website in preparation for release in 2013–14.

Asset management

The ACNC has its own appropriation and operates under the FMA Act umbrella of the ATO. Assets used by the ACNC are managed according to the ATO's established asset management processes.

Purchasing and consultancies

The ACNC makes decisions regarding its budget independently of the ATO. The goods and services required to support the ACNC's operations are purchased using ATO procurement processes in order to ensure compliance with the FMA Act. This includes consultancies, advertising, direct mail, media placement and market research activities. Details of these are included in the ATO's annual report.

Disability reporting

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy.

In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the Australian Public Service Statistical Bulletin. These reports are available at

www.apsc.gov.au. From 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010–20 which sets out a 10 year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports will be available in 2014, and will be available at www.fahcsia.gov.au.

The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular *How Australia is faring* report and, if appropriate, in strategic change indicators in agency Annual Reports. More detail on social inclusion matters can be found at www.socialinclusion.gov.au.

The ACNC is committed to ensuring our online information and services are accessible. During the year we undertook an accessibility audit of our website to identify improvements that could be made and prioritised work required to address any issues.

We also scheduled user testing and further accessibility auditing of the ACNC website for future developments. This will include reviewing the site using accessibility tools. The ACNC website was developed to display adequately on all commonly used browsers and to work effectively with accessibility hardware and/or software. For technical reasons, and to meet legal requirements, the website has a limited number of documents that cannot be provided in HTML format. In such cases, contact details have been provided for the supply of alternative non-web formats.

The ACNC undertook work to ensure all video and audio guidance was accompanied by captions and/or transcripts (published in HTML or Microsoft Word documents). We are also working to increase the accessibility of PDF and Word documents, including forms published on our website. Additionally, we are making ongoing improvements to our site to ensure that our services, such as online forms, are as accessible as possible and offer alternative arrangements if required.

Freedom of Information

Under the *Freedom of Information Act 1982* (Cth) (FOI Act) the ACNC is required to publish information to the public as part of the Information Publication Scheme (IPS).

This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

The ACNC has an IPS page on acnc.gov.au.

Applicants may make a request for access to documents held by the ACNC and should:

- make the request in writing (email or post).
The ACNC is able to assist if an applicant has difficulty putting their request in writing
- state that the request is an application for the purposes of the FOI Act
- provide information about the document(s) being requested
- if asking for change or annotation of a document, provide information about the change or annotation being requested
- provide an address to enable the ACNC to respond.

FOI requests can be sent to the following address:

**Freedom of Information Contact Officer
ACNC
GPO Box 9990
MELBOURNE VIC 3001**

or by email to: advice@acnc.gov.au

During 2012–13 the ACNC received no requests for documents to be processed under the FOI Act.



Appendices

Appendix A: Compliance index	76
Appendix B: Information provided to law enforcement agencies	81
Appendix C: Ecologically sustainable development and environmental performance	81
Appendix D: Contact details	82

Appendix A: Compliance index

Requirements document reference	Description	Requirement	Section/page reference in the report
8(3) & A.4	Letter of transmittal	Mandatory	i
A.5	Table of contents	Mandatory	iv–vi
A.5	Index	Mandatory	85–91
A.5	Glossary	Mandatory	83–84
A.5	Contact officer(s)	Mandatory	82
A.5	Internet home page address and internet address for report	Mandatory	82
9	Review by Commissioner		
9(1)	Review by agency Commissioner	Mandatory	2–6
9(2)	Summary of significant issues and developments	Suggested	2–5
9(2)	Overview of agency's performance and financial results	Suggested	2–5
9(2)	Outlook for following year	Suggested	5–6
9(3)	Significant issues and developments – portfolio	Portfolio departments – suggested	Not applicable
10	Agency overview		
10(1)	Role and functions	Mandatory	10–11
10(1)	Organisational structure	Mandatory	12–15
10(1)	Outcome and program structure	Mandatory	23–24
10(2)	Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Not applicable
10(3)	Portfolio structure	Portfolio departments – mandatory	Not applicable
11	Report on performance		
11(1)	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	26–64

Requirements document reference	Description	Requirement	Section/page reference in the report
11(2)	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	26–64
11(2)	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	Not applicable
11(2)	Narrative discussion and analysis of performance	Mandatory	26–64
11(2)	Trend information	Mandatory	26–64
11(3)	Significant changes in nature of principal functions/services	Suggested	Not applicable
11(3)	Performance of purchaser/provider arrangements	If applicable, suggested	Not applicable
11(3)	Factors, events or trends influencing agency performance	Suggested	26–64
11(3)	Contribution of risk management in achieving objectives	Suggested	67
11(4)	Social inclusion outcomes	If applicable, mandatory	Not applicable
11(5)	Performance against service charter customer service standards, complaints data, and the agency's response to complaints	If applicable, mandatory	26–27
11(6)	Discussion and analysis of the agency's financial performance	Mandatory	Not applicable
11(7)	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	Not applicable
11(8)	Agency resource statement and summary resource tables by outcomes	Mandatory	Not applicable
12	Management and accountability		
	Corporate governance		
12(1)	Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines	Mandatory	Not applicable
12(2)	Statement of the main corporate governance practices in place	Mandatory	66–67

Requirements document reference	Description	Requirement	Section/page reference in the report
12(3)	Names of the senior executive and their responsibilities	Suggested	12–15
12(3)	Senior management committees and their roles	Suggested	66–67
12(3)	Corporate and operational planning and associated performance reporting and review	Suggested	66–67
12(3)	Approach adopted to identifying areas of significant financial or operational risk	Suggested	66–67
12(3)	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	67
12(3)	How nature and amount of remuneration for SES officers is determined	Suggested	71
	External scrutiny		
12(4)	Significant developments in external scrutiny	Mandatory	68–69
12(4)	Judicial decisions and decisions of administrative tribunals	Mandatory	68–69
12(4)	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	27, 68–69
	Management of human resources		
12(5)	Assessment of effectiveness in managing and developing human resources to achieve agency objectives	Mandatory	70–71
12(6)	Workforce planning, staff turnover and retention	Suggested	70–71
12(6)	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	71
12(6)	Training and development undertaken and its impact	Suggested	70–71
12(6)	Work health and safety performance	Suggested	71
12(6)	Productivity gains	Suggested	70–71
12(7)	Statistics on staffing	Mandatory	70
12(8)	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	71

Requirements document reference	Description	Requirement	Section/page reference in the report
12(9) & B	Performance pay	Mandatory	71
12(10)-(11)	Assessment of effectiveness of assets management	If applicable, mandatory	73
12(12)	Assessment of purchasing against core policies and principles	Mandatory	73
12(13)-(24)	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website	Mandatory	73
12(25)	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Not applicable
12(26)	Contracts exempt from the AusTender	Mandatory	73
13	Financial statements	Mandatory	Not applicable
	Other mandatory information		
14(1) & C.1	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	71
14(1) & C.2	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	73
14(1) & C.3	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	81
14(1)	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	Not applicable
14(2) & D.1	Grant programs	Mandatory	Not applicable
14(3) & D.2	Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	73–74

Requirements document reference	Description	Requirement	Section/page reference in the report
14(4) & D.3	Information Publication Scheme statement	Mandatory	74
14(5) & D.4	Spatial reporting – expenditure by program between regional and non-regional Australia	If applicable, mandatory	Not applicable
14(6)	Correction of material errors in previous annual report	If applicable, mandatory	Not applicable
E	Agency Resource Statements and Resources for Outcomes	Mandatory	Not applicable
F	List of requirements	Mandatory	76–80

Appendix B: Information provided to law enforcement agencies

Under section 150-40 of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (the ACNC Act), the ACNC may disclose protected information to an Australian Government agency if:

- the ACNC is satisfied the information will enable or assist the Australian Government agency to perform or exercise any of the functions or powers of the agency
- the disclosure is for the purposes of enabling or assisting the Australian Government agency to perform or exercise any of the functions or powers of the agency
- the disclosure is reasonably necessary to promote the objects of the ACNC Act.

In the reporting period, the ACNC received one request from an authorised officer of the Australian Taxation Office (ATO) in response to which it released information for the purposes of assessing compliance with taxation law.

Appendix C: Ecologically sustainable development and environmental performance

The ACNC's facilities, assets and IT environment are provided by the ATO via various memoranda of understanding. The ACNC adopts the ATO's environmental policies and our environmental performance is reported as part of the ATO's annual report.

Appendix D: Contact details

Mail	Director Communications Australian Charities and Not-for-profits Commission GPO Box 5108 Melbourne VIC 3001
Phone	13 22 62
Fax	1300 232 569
Email	advice@acnc.gov.au
Website	acnc.gov.au
ACNC annual report	acnc.gov.au/annualreport

Glossary

AAT	Administrative Appeals Tribunal
ABN	Australian Business Number
ACCC	Australian Competition and Consumer Commission
ACFT	Australasian Consumer Fraud Taskforce
ACNC	Australian Charities and Not-for-profits Commission
ACNC Act	<i>Australian Charities and Not-for-profits Commission Act 2012 (Cth)</i>
ACNC Register	A freely available, online public database of information on ACNC registered charities
ACOSS	Australian Council of Social Service
ACPNS	Australian Centre for Philanthropy and Nonprofit Studies
AM	Member of the Order of Australia
Annual Information Statement	A statement registered charities lodge annually with the ACNC which seeks to capture information about the operation and activities of the charity
APS	Australian Public Service
ASIC	Australian Securities and Investments Commission
ASQA	Australian Skills Quality Authority
ATO	Australian Taxation Office
AusAID	Australian Agency for International Development
Board	ACNC Advisory Board
CATSI Act	<i>Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth)</i>
CEO	Chief Executive Officer
CGCC	Center on Global Counterterrorism Cooperation
Charitable subtype	The ACNC Act enables a charity to register one of seven specific charitable purposes known as subtypes
Charity	A not-for-profit entity that exists for the public benefit and has a charitable purpose. Charitable purposes are specified as: relief of poverty, advancement of education, advancement of religion, health promotion, provision of child care services and other purposes beneficial to the community (see also Registered charity)
Charity Passport	Information collected by the ACNC from registered charities and shared with authorised government agencies for reporting purposes – facilitating the ACNC’s ‘report once, use often’ approach to reducing the number of times charities report to government. The Charity Passport will be progressively developed and implemented over time.
Commission	Australian Charities and Not-for-profits Commission

Commissioner	Commissioner of the ACNC
DEEWR	Department of Education, Employment and Workplace Relations
DoHA	Department of Health and Ageing
EL	Executive Level
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
Finance	Department of Finance and Deregulation
FMA Act	<i>Financial Management and Accountability Act 1997</i> (Cth)
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1982</i> (Cth)
GST	Goods and Services Tax
HTML	Hypertext Markup Language
IPS	Information Public Scheme
IT	Information technology
KPI	Key performance indicator
MOU	Memorandum/a of Understanding
NFP	Not-for-profit
NFP reform	The Australian Government's not-for-profit reform agenda to deliver streamlined regulation and reporting, and improve transparency and accountability for the sector. Announced by the Australian Government in the May 2011–12 Budget
NGO	Non-government organisation
NSCOA	National Standard Chart of Accounts
ORIC	Office of the Registrar of Indigenous Corporations
PAES	Portfolio Additional Estimate Statement(s)
PBS	Portfolio Budget Statement(s)
QUT	Queensland University of Technology
Registered charity	A charity registered with the ACNC. Referred to in this report in context as a 'charity'
SES	Senior Executive Services
TEQSA	Tertiary Education Quality and Standards Agency
TIS	Translating and Interpreting Service
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization

Index

A

- Aboriginal and Torres Strait Islander persons, 37, 52, 53
- Aboriginal Liaison Officers, 52, 53
- accessibility, 5, 51, 74
- accountability, 67–9
- accounting information, 64
- acknowledgements, 6
- ACNC 2012–2015 Strategic Plan*, 66
- Administrative Appeals Tribunal (AAT), external review, 69
- advice service ii, 52
- Advice Services Directorate, 13, 14, 24
- Advisory Board, 6, 16, 24, 45, 66
 - Chair, 7–8, 17
 - Deputy Chair, 17
 - ex-officio members, 21–2
 - member remuneration, 71
 - members, 16–20
- Aged Care Act 1997* (Cth), 61
- agencies see Commonwealth agencies
- Annual Information Statement policy, 45
- Annual Information Statements, 3, 57, 63
 - 2013, 3, 4, 6, 51, 63–4
 - 2014, 4, 5–6, 45, 49, 64
 - consultations, 4, 45, 49, 64
 - and financial information, 4, 45, 64
 - guidance material, 51
 - pre-populated, 5–6, 64
- appeals, 68–9
- applications see Registration
- asset management, 73
- attendees at sessions, 4, 45, 46, 47, 48
- Audit and Risk Committee, 67
- audit controls, 67
- AusAID Non-government organisation Cooperation Program (ANCP), 61
- Australian Agency for International Development (AusAID), 61
- Australian and New Zealand Third Sector Research network, 43–4
- Australian Business Register, 28
- Australian Capital Territory, legislation amendments, 4, 62
- Australian Centre for Philanthropy and Nonprofit Studies (ACPNS), 19, 43, 64
- Australian Charities and Not-for-profits Commission (ACNC)
 - acknowledgements, 6
 - contact details, 82
 - functions, 10
 - highlights of 2012–13, 3–5
 - organisational structure, 12–15
 - role, 10
 - year ahead, 5–6
- Australian Charities and Not-for-profits Commission Act 2012* (Cth), 2, 5, 10, 27, 28, 40, 54, 66, 70, 81
 - objects, 2, 10, 28, 43, 54
- Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* (Cth), 10, 60, 61
- Australian Competition and Consumer Commission (ACCC), 41
- Australian Consumer Fraud Taskforce (ACFT), 41
- Australian Council for International Development, 71
- Australian Council of Social Service, 17, 43
 - survey, 44, 55
- Australian Curriculum Assessment and Reporting Authority, 59
- Australian Securities and Investments Commission (ASIC), 60
 - charities registered with, 60
 - memorandum of understanding (MOU), 4, 40, 60
- Australian Skills Quality Authority (ASQA), 62
- Australian Taxation Office (ATO), 23, 60, 72, 81
 - annual report, 23, 71
 - formation of ACNC, 23

- information technology (IT) support, 72
- memorandum of understanding (MOU), 72
- average wait time for customers calling, 52
- awards, for early-career researchers, 43–4

B

- benchmarks, 26
- beneficiaries of charities by group, 37
- bulk registration, 33–4
- business plans, 66
- Business Services Directorate, 13, 15

C

- Center on Global Counterterrorism Cooperation (CGCC), 40
- change request forms, 29
- Charcoal Lane, 42
- Charitable Collections Act 2003* (ACT), 62
- charities
 - beneficiaries by group, 37
 - charitable purpose, 36
 - complaints about, 39
 - confidence in, 3, 28–42
 - definition of, 5
 - educating, 4, 38, 43, 45
 - engagement with, 31, 44–5
 - investigations, 39–40
 - key drivers of trust, 31
 - knowledge of, 32
 - large, 37, 63
 - location of newly registered, 35
 - medium, 37, 63
 - public trust in, 3, 28–42
 - reasons for supporting, 32
 - registered with ASIC, 60
 - revenue of, 63

- small, 37, 63
- support for, 43–53
- survey into public trust and confidence, 30–2
- see also Registration
- Charities Act 2013* (Cth), 5, 34
- charity definition, 34
- Charity Pack, 50–1
- Charity Pack DVD, 51
- Charity Passport, 4, 5, 56, 57–8
- charity scams, 41
- charity tax concessions, 29
- Commissioner, 12, 66
 - acknowledgements, 6
 - remuneration, 71
 - review, 2–6
- Commissioner of Taxation, 23, 70
- committees
 - internal, 66–7
 - management, 66–7
 - operational, 67
- Commonwealth agencies
 - Charity Passport, 58
 - work with, 60–2
- Commonwealth Departments, work with, 56–62
- Commonwealth Disability Strategy, 73
- Commonwealth Grant Guidelines, 5, 58
- Commonwealth Treasury, 6, 27, 46, 63
- Communications Committee, 67
- Communications Directorate, 13, 15
- Community Connections Solutions Australia, 44
- community presentations, 4, 46
 - content, 46
- community sector survey, 44, 55
- complaints about a charity, performance, 26
- complaints about ACNC, 27
 - handling, 27
 - performance, 26

- complaints about charities, 39
- complaints policy, 27
- compliance, performance, 26
- Compliance and Strategic Intelligence Directorate, 13, 14
- Compliance Committee, 67
- compliance index, 76–80
- compliance tools, 40
- compliments about ACNC, 27
- compliments policy, 27
- confidence in charities, 3, 28–42
 - survey, 30–2
- consultancies, 73
- consultations
 - with government agencies, 45
 - online, 49
 - public, 45, 64
- contact details, 82
- corporate and operational planning, 66
- corporate governance, 66–7
- Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth), 60
- correspondence ii, 52
- Council of Australian Governments' Not-for-Profit Reform Working Group, 62
- counterparts, relationships with, 40
- court appeal, 69

D

- data matching, 61, 62
- deductable gift recipients registers, 62
- definition of charity, 5, 34
- deliverables, 24
- Department of Education, Employment and Workplace Relations (DEEWR), 59, 61
- Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), 59, 61, 62

- Department of Finance and Deregulation (Finance), 58
- Department of Health and Ageing (DoHA), 61
- Department of Sustainability, Environment, Water, Population and Communities, 62
- direct expenses, 23–4
- Directorates, 13–15
- disability reporting, 73–4

E

- ecologically sustainable development and environmental performance, 81
- education, 45–8
 - see also training of employees
- education sessions, 47–8
- email update service, 50
- employees, 13
 - by classification, 70
 - by gender, 70
 - numbers, 70
 - performance pay, 71
 - training and development of, 5, 70–1
- enforcement powers, 39, 40
 - see also regulatory approach
- Engagement Code (Office for the Not-for-profit Sector), 45
- engagement with charities, 31, 44–5
- enquiries, performance, 26
- Enterprise Agreement 2011 (ATO), 70, 71
- ethical standards, 67
- Executive Committee, 66
- executives
 - access to social media, 49
 - media, 42
 - remuneration, 71
- expenses, 23–4

external review

Administrative Appeals Tribunal (AAT), 69
court appeal, 69

external scrutiny, 68–9

F

face-to-face support, 45–8

Facebook, 49

factsheets, 4, 48, 51

feedback, 44, 45

from presentations, 4, 46, 48

financial information and Annual Information Statements, 64

Financial Management and Accountability Act 1997 (Cth), 23, 67, 73

financial statements, 23

Fraud Week 2013, 41

freedom of information, 74

performance, 26

Freedom of Information Act 1982 (Cth) (FOI Act), 74

functions, 10

G

glossary, 83–4

Governance for good – the ACNC's guide for charity board members, 51

guidance, 4, 6, 45–8

Guide to the ACNC Act, 40, 51

guides for charities, 4

H

hearing impaired customers, 52

highlights of 2012–13, 3–5

human resources management, 70–1

I

Independent Schools Council of Australia, 59

Indigenous charities, 53

Indigenous Communities Engagement Strategy, 53

Indigenous corporations, 53, 60

information provided to law enforcement agencies, 81

Information Publication Scheme (IPS), 74

information sessions, 47–8

Information Statements *see* Annual Information Statements

Information Technology Directorate, 15

information technology (IT), 72

internal audit, 67

internal review

reconsiderations, 69

statutory, 68–9

International Activities Working Party, 58, 59, 61

International Classification of Non-Profit Organisations, 58

investigations, 39–40

K

key performance indicators, 24

knowledge of charities, 32

L

languages other than English, 52

launch of ACNC, 42

law enforcement agencies, information provided to, 81

Legal Directorate, 14

legislation, alignment of state and territory, 4, 62

Legislative and Governance Forum on Consumer Affairs, 63

letter of transmittal, i

LinkedIn, 49
location of newly registered charities, 35
location of presentations, 46, 47

M

management and accountability, 66–74
Management Committee, 67
management committees, 66–7
media interviews, 42
Melbourne Law School Not-for-profits project, 43
memoranda of understanding (MOU), 4, 40, 43, 60, 72
mission, 11
multimedia content, 49

N

National Catholic Education Commission, 59
National Disability Strategy 2010–20, 73
National Fraud Week campaign, 41
National Regulatory System for Community Housing, 62
National Relay Service, 52
National Standard Chart of Accounts (NSCOA), 43, 64
Non-government Schools Streamlined Reporting Working Party, 58, 59, 61
Not-for-profit reform and the Australian Government, 44, 51

O

occupational health and safety, 71
Office for the Not-for-profit Sector, 45
Office of Regulatory Services, 62
Office of the Registrar of Indigenous Corporations (ORIC), 60
 memorandum of understanding (MOU), 4, 60

online (ACNC), 48–50
online consultations, 49
online surveys, 45
operational committees, 67
organisational structure, 12–15
outcome and program structure, 23–4
Overseas Aid Gift Deduction Scheme, 61, 62
overview, 10–24

P

partnerships, 43
performance
 report on, 26–64
 service standards, 26
performance indicators, 66
performance pay, 71
podcasts, 50
Policy and Education Directorate, 14
Portfolio Budget Statement, 24
presentations, 4
 community, 4, 45, 46
 content, 46
 web-based, 46
privacy, performance, 26
Private Ancillary Funds, 29
Professional User Group, 6, 45
Protect your charity from fraud – the ACNC's guide to fraud prevention, 40, 41, 51
Protect yourself from charity scams, 41
public awareness of ACNC, 28, 42
public trust in charities, 3, 28–42
 key drivers, 31
 level of trust, 31
 survey, 30–2
publications, 50–1
purchasing, 73

Q

Queensland University of Technology (QUT), 43, 64
Quick tips, 51

R

reconsiderations, 69
Register, 3, 5, 6, 28–9, 69, 72
 building, 29
 change request forms, 29
 charities listed, 29
 content, 28
 launch, 28
 mobile version, 5
 withholding information from, 29
Register of Cultural Organisations, 62
Register of Environmental Organisations, 62
Register of Harm Prevention Charities, 62
Registration, 28, 33–7
 applications disallowed, 35
 applications received, 34–5
 applications withdrawn, 35
 and ATO, 3, 33
 bulk, 33–4
 newly registered, 34, 35–6, 37
 performance, 26
 process, 33
 size of newly registered, 37
 tiers, 37
registration application form, 33, 72
Registration Directorate, 14
regulators
 support for national, 32, 44
 work with other, 40, 56–62
regulatory approach, 37–40
 amendments, 45
 compliance tools, 40

 consultations, 45
 factors considered, 38
 informal options, 39
regulatory approach statement, 37
regulatory pyramid of support and compliance, 38
regulatory reform, priorities, 55
remuneration, 71
Remuneration Tribunal, 71
report on performance, 26–64
Reporting and Red Tape Reduction Directorate, 14, 54
Reporting Committee, 67
reporting to ACNC, 63–4
 and size of charities, 63
 see also Annual Information Statements
research, 43–4
revenue of charities, 63
review, 68–9
 by the Commissioner, 2–8
risk management, 67
role, 10

S

scams, 41
Sector User Group, 6, 45
service standards, 26
size of charities, 37, 63
snapshot, ii–iii
Social Inclusion Measurement and Reporting Strategy, 73
social media, 5, 49
Social Services Working Party, 58, 59, 61
South Australia, legislation amendments, 4, 63
speaking events, 48
staff see employees
statutory review, 68–9
Strategic Plan 2012–15, 66

strategic priorities, 11
subscription email service, 50
support for charities, 43–53
support for national regulator, 44
support for particular charities, 32
surveys
 Australian Council of Social Service, 44, 55
 online, 45
 public trust and confidence in charities, 30–2

T

telephone enquiries, 52
Tertiary Education Quality and Standards Agency (TEQSA), 62
training of employees, 5, 70–1
Translating and Interpreting Service (TIS), 52
trust *see* public trust in charities
Twitter, 49

U

United Nations, 40
user groups, 45
user testing, 44

V

values, 11
videos, 41, 46, 50
vision, 11

W

website, 4, 42, 48–9, 72, 74
 content, 48–9
 development, 48–9
 usage, 48–9, 50
 see also Register
withholding information from Register, 29
workforce profile, 70
working parties, 4, 58–9

Y

year ahead, 5–6



acnc.gov.au