Australian Government

Australian Charities and Not-for-Profit Commission

Australian Charities and Not-for-profits Commission (ACNC) Community Consultation

Susan Pascoe (AM)

Interim Commissioner & Head of ACNC Implementation Taskforce

Overview

PART 1

- Not-for-profit reform
- ACNC Taskforce - its priorities, approach and timelines
- Australian Charities and Not-for-profits Commission (ACNC) – its purpose, establishment and transition arrangements
- Roundtables – some issues raised
- Your questions and feedback

Overview

PART 2

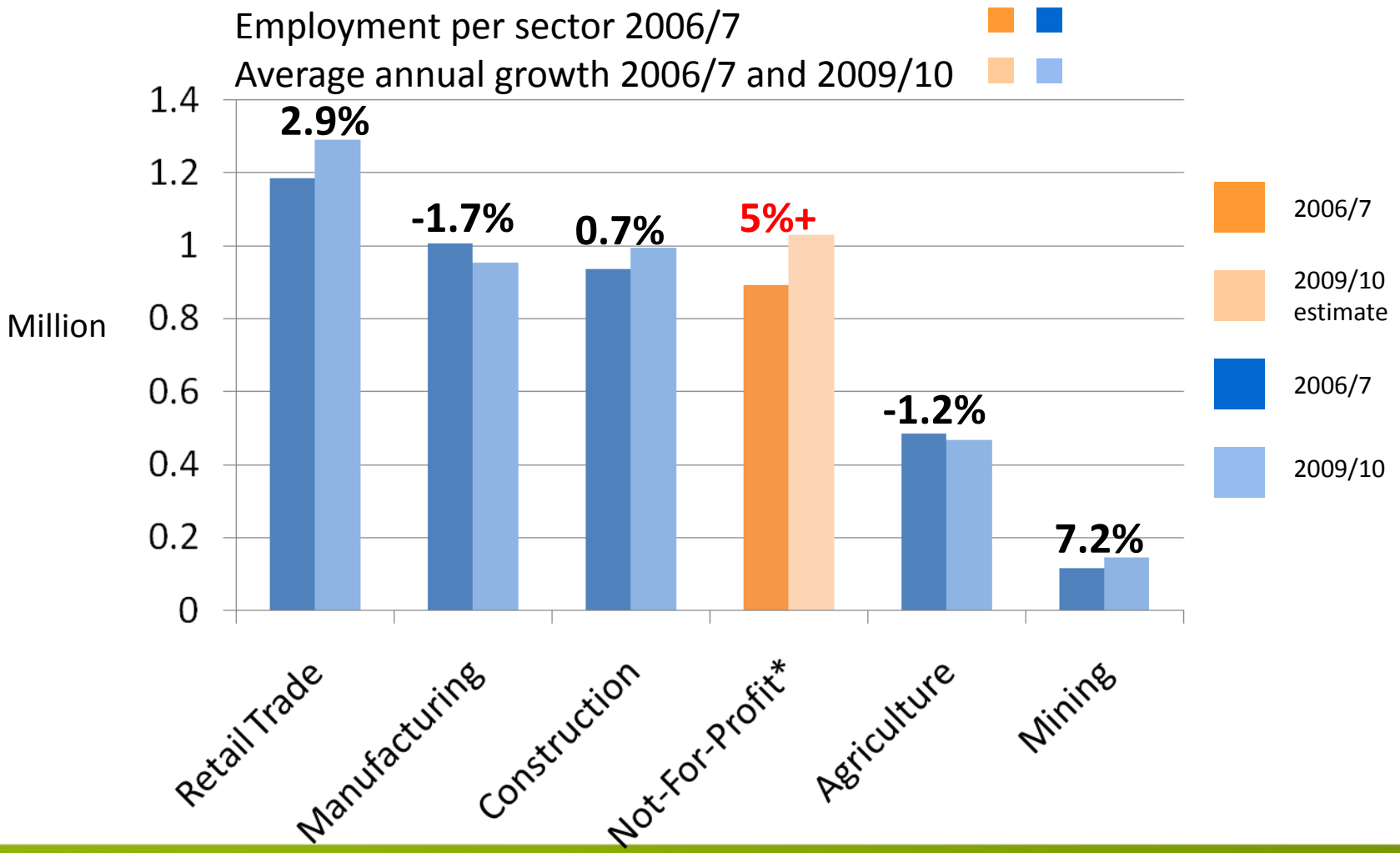
- What does it mean for you?
  - Registration
  - Reporting
    - » All entities
    - » Additional reporting medium and large entities
    - » Additional reporting large entities
  - Information Portal
  - Education and Guidance
- Your questions and feedback

Why NFP Reform?

- Economically significant sector
- Socially significant – key source of social capital
- Key priority for Government
  - service delivery reform,
  - increased participation
  - improved social inclusion
- Improve Government and NFP sector interaction
- Streamline and simplify regulation
- Promote long-term sustainability of the NFP sector

Importance of the NFP sector

The economic influence of NFPs

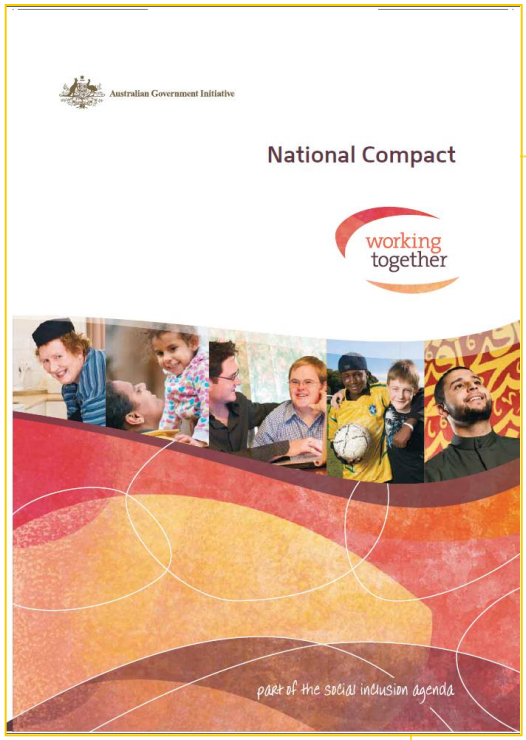


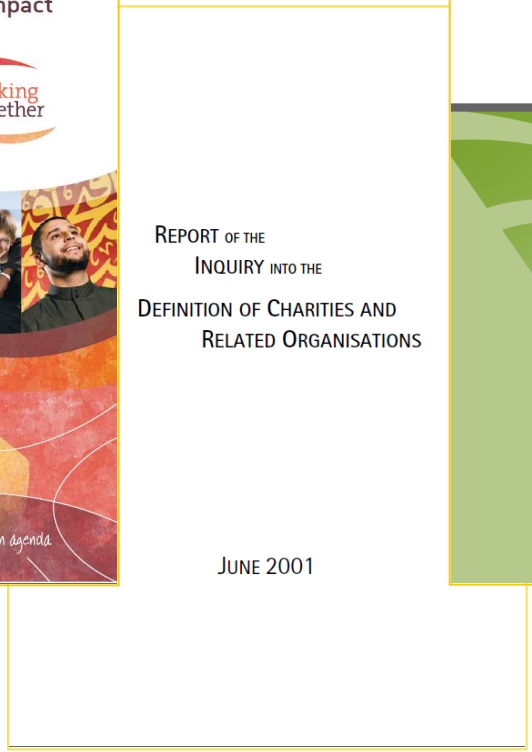
Sources:
ABS, Australia Industry 2004/5, 2005/6, 2006/7, 2007/8, 2008/9, 2009/10
ABS, Australian National Accounts, Non-profit Institutions Satellite Account 1999/2000, 2006/7

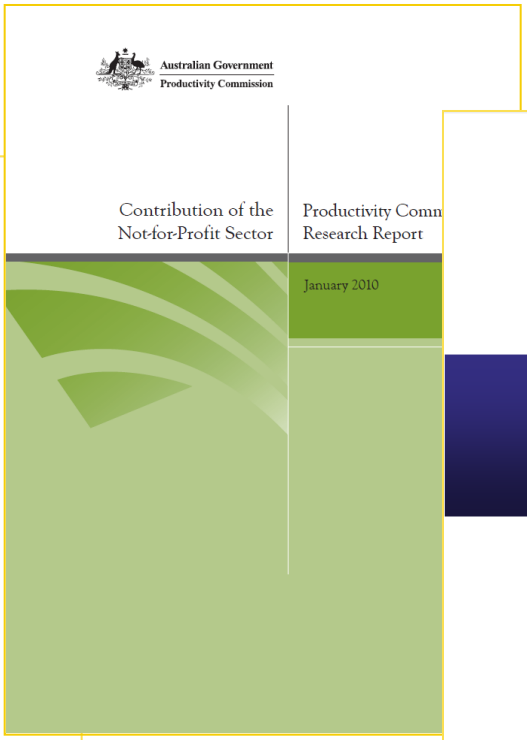
* NFP 2009/10 estimated on average annual growth rate from 1999/2000 to 2006/7

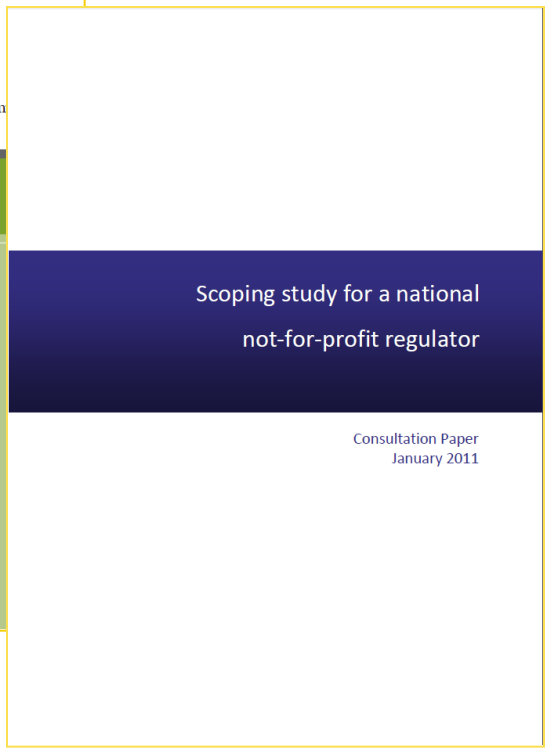
The call for reform

Past reviews and National Compact









Benefits of NFP Reform

- Positive impact on health, education & environment, even foreign policy
- Improved social capital that shapes economic and social opportunities
- Increased source of social and economic innovation
- Improved government service delivery
- Underpins greater participation, social inclusion, support of vulnerable people, welfare, education
- Greater trust in the sector

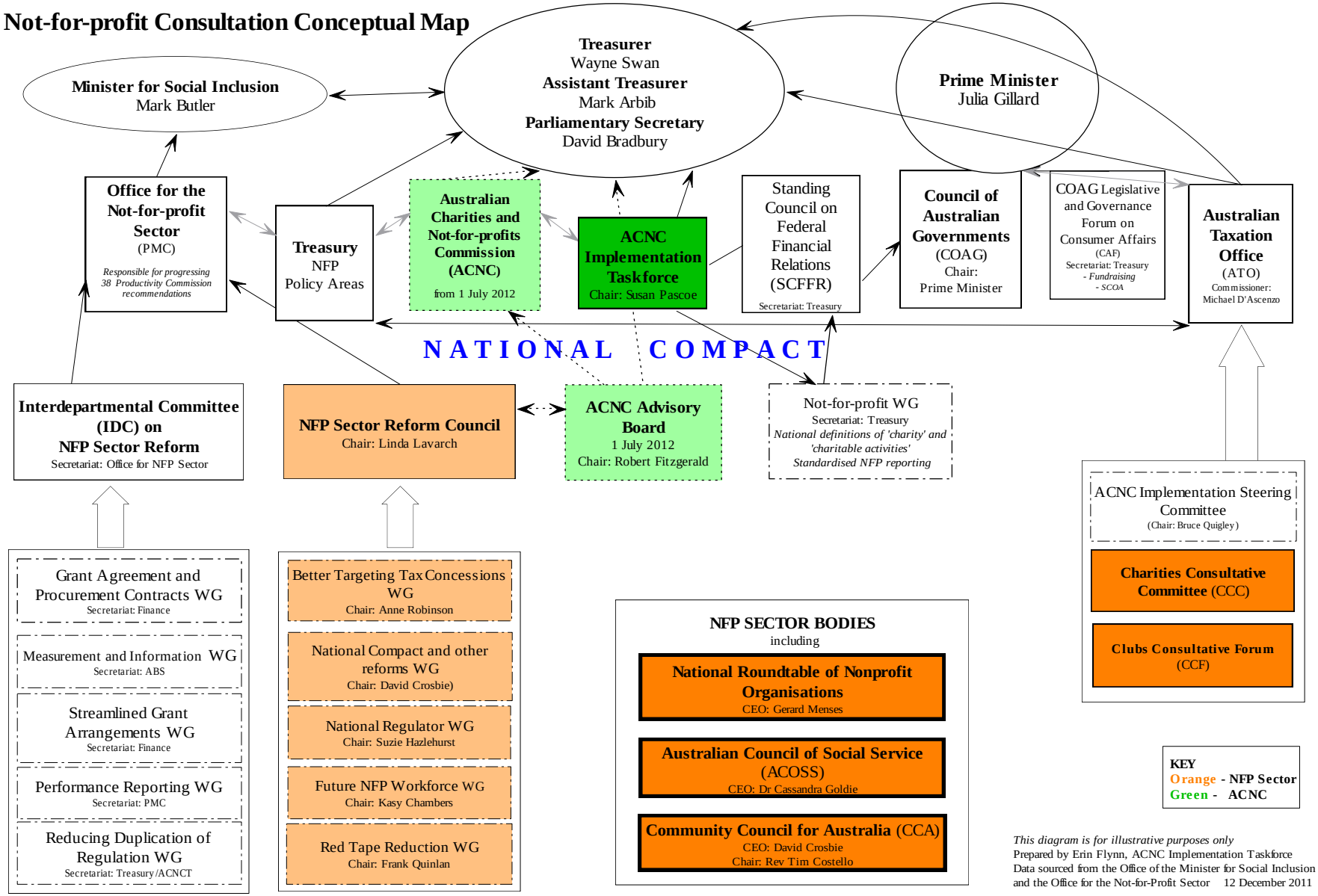
Where do we fit?

- PM&C – Office of the NFP Sector
  - National NFP Reform Council - Secretariat
  - Oversight social inclusion agenda
  - National Compact
  - Manage National Volunteering Strategy
- Treasury - Policy development and legislation
  - *Australian Charities and Not-for-profits Commission Bill*
  - *Better Targeting of NFP Tax Concessions & 'in Australia' requirements*
  - *Statutory definition of charity*
  - *Reviews of*
    - » *Governance arrangements*
    - » *Fundraising regulation*
    - » *Companies Limited by Guarantee*

Where do we fit?

- Australian Tax Office – Non-Profit Centre
  - Endorsement for tax concessions
    - » Income Tax exemption
    - » Deductible Gift Recipient (DGR)
    - » Fringe Benefits Tax exemption or rebate
    - » GST Concessions
    - » Refund of franking credits
- ACNC
  - Registration of charities (including Public Benevolent Institutions) for Commonwealth purposes from 1 July 2012
  - Establish Reporting Framework and Information Portal
  - Work with Commonwealth, State and Territory agencies to consolidate reporting and reduce compliance burden
  - Work to Assistant Treasurer Mark Arbib who reports to Treasurer

Not-for-profit Consultation Conceptual Map



This diagram is for illustrative purposes only
Prepared by Erin Flynn, ACNC Implementation Taskforce
Data sourced from the Office of the Minister for Social Inclusion and the Office for the Not-for-Profit Sector 12 December 2011

NFP tax & regulatory reform

- ACNC Taskforce establish ACNC to regulate charities
- Implement a statutory definition of *charity* for all Commonwealth purposes from 1 July 2013
- Work with the states and territories through COAG NFP Working Group to progress effective regulation of the NFP sector
- Better target NFP tax concessions
- Restate and standardise the special conditions applying to tax concessions (incl 'in Australia')

NFP tax & regulatory reform

- Undertake reviews arising from Treasury scoping study for a national NFP regulator
- Support the Special Tax Forum NFP Sector Reform Council working group
- Further information:
  - Treasury's Not-for-profit Reform Newsletter
  - http://treasury.gov.au/content/not_for_profit.asp

Early Decisions re ACNC

- Independent statutory body
  - report to Parliament (through Minister)
  - own appropriation
- Headquarters in Melbourne & presence in Canberra
- Back office services from ATO including IT support and payroll
- Budget of $53.6m over four years 2011 – 14 (including IT build)

ACNC Timelines - 2012

- 1 July 2012
  - ready to accept applications for charitable registration under existing common law
  - new registration primarily online
  - transfer of endorsed charities from ATO to ACNC available on ACNC publicly searchable database
  - information, guidance and general advice available

ACNC Timelines - 2013

- 1 July 2013
  - statutory definition of Charity activated and applied
  - new registrations under new Act
  - reporting requirements for charities activated
  - information portal fully operational
    - » online applications for charitable status
    - » publicly searchable database

Taskforce Priorities

- Reporting Framework - financial and governance reporting
- Portal - to provide ‘one stop shop’ gateway for NFPs and searchable database for public
- Education – designing ACNC approach to provision of information, guidance and general advice to sector
- Communication - three phase approach to consultation –
  - Website and YouTube information briefing,
  - Roundtables on key topics, and
  - Public community consultation around Australia

Regulator Role of ACNC is to -

- Register Charities (ATO apply tax concessions)
- Establish and maintain publicly searchable register of charities
- Establish one-stop-shop which enables charities to:
  - apply for charity registration
  - apply for ABN
  - access Commonwealth tax concessions
  - access state and territory tax concessions, with
  - potential to access other services
- Work with Commonwealth & States and Territories to implement ‘report-once, use-often’ *passport*
- Promote public trust and confidence in sector

Regulatory Approach

- Light-touch, risk-based, evidence-based approach
- Emphasise *mainstreaming*; encourage *public watchdogs;* adopt *dual track approach*
- Provide information, guidance and education
- Use graduated powers, provide opportunity for self-correction
- Regulatory Principles: relevance, proportionality, consistency, transparency, timeliness
- Work within ACNC values of independence, integrity, respect, fairness and accountability

Issues from the Roundtables

- Support role of ACNC as national regulator, mindful of diversity of NFP sector
- Red tape reduction is critical
- Support tiered financial and governance reporting
- Need to work with other regulatory, government and intelligence agencies
- Must not forget needs of small charities, reliant on volunteers and located in remote areas
- Maintain mission and purpose

Working with States/Territories

- State/Commonwealth working party on policy and regulatory matters (COAG's Standing Council on Federal Financial Relations)
- Bilateral discussions:
  - 'one stop shop' reporting
  - Charity Passport
- ACNC to adopt existing state and territory practices where appropriate and agreed

What does this mean to you?

- From 1 July 2012 all new charity registration will be through the Australian Charities and Not-for-profits Commission
- Charities currently endorsed by the ATO will be automatically registered with ACNC
- Ongoing eligibility will be reviewed following passage of the new charities legislation in 2013
- Annual reporting to ACNC will be required of all registered charities
- To reduce compliance burden, this information will be provided to other federal government agencies
- Information will be available to the public through the online portal from 1 July 2013
- The broader NFP sector may need to register in the future - but not now.

Your comments, questions and feedback

http://acnctaskforce.treasury.gov.au

http://www.youtube.com/acnctaskforce

Australian Government

Australian Charities and Not-for-Profit Commission

Australian Charities and Not-for-Profits Commission (ACNC) Community Consultation: Part 2

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Overview

ACNC

- What does it mean for you?
  - Registration
  - Reporting
    - » All entities
    - » Additional reporting medium and large entities (tiers 2 & 3)
    - » Additional reporting large entities (tier 3)
  - Information Portal
  - Education and Guidance
- Your questions and feedback

What does this mean to you?

- From 1 July 2012 all new charity registration will be through the Australian Charities and Not-for-profits Commission
- Charities currently endorsed by the ATO will be automatically registered with ACNC
- Ongoing eligibility will be reviewed following passage of the new charities legislation in 2013
- Annual reporting to ACNC will be required of all registered charities from 2013
- To reduce compliance burden, this information will be delivered to
    - other federal government agencies
    - State and territory agencies that agree to participate
- Information on each charity will be available to the public through the online portal from 1 July 2013

Registration

NFP applicant

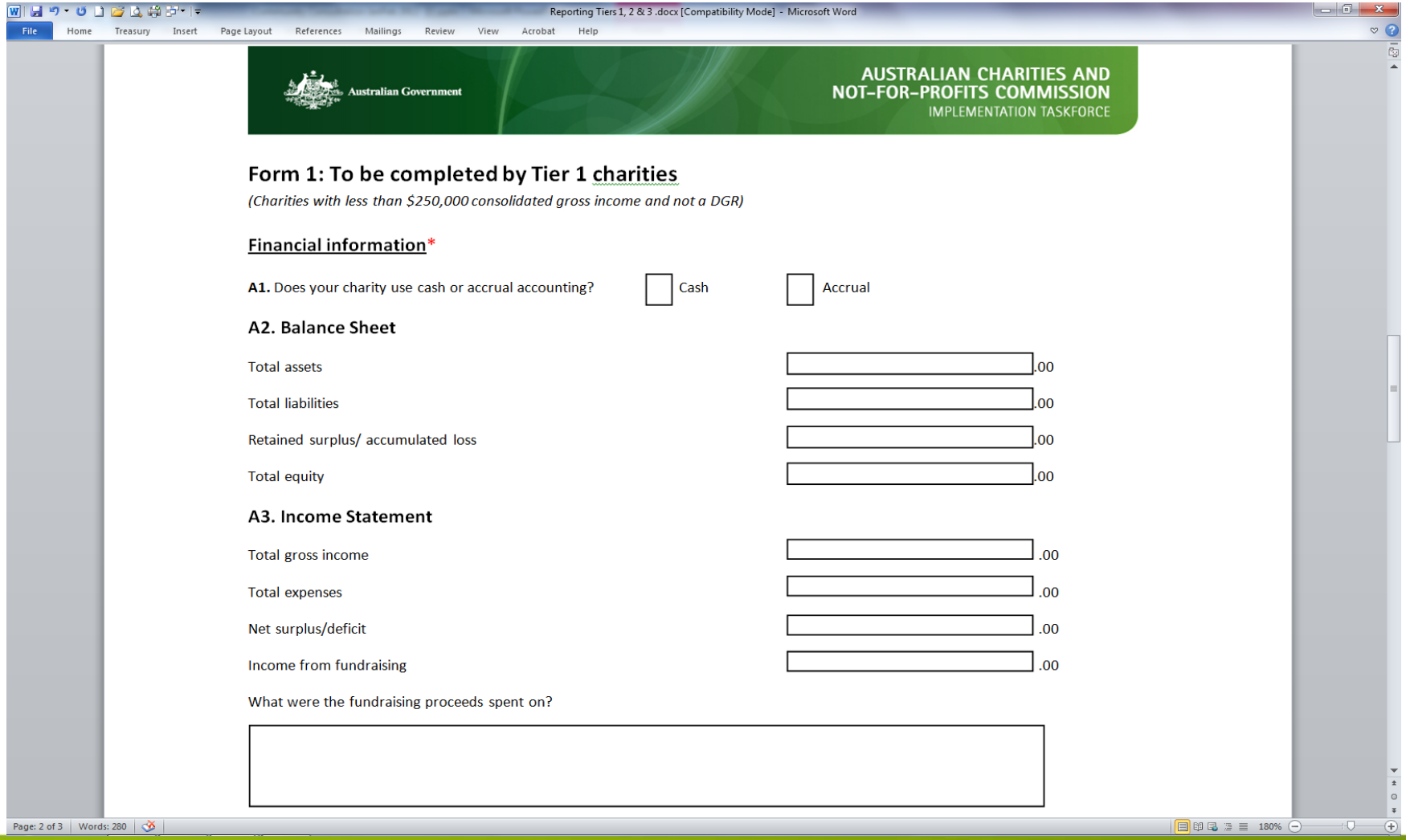
- Details and contact info
- Charitable purpose and activity
- Charity type and beneficiaries
- Source of funds and where you operate
- Officer details
- Remuneration and tax concessions sought
- Governing documents and declaration

ACNC Reporting Framework

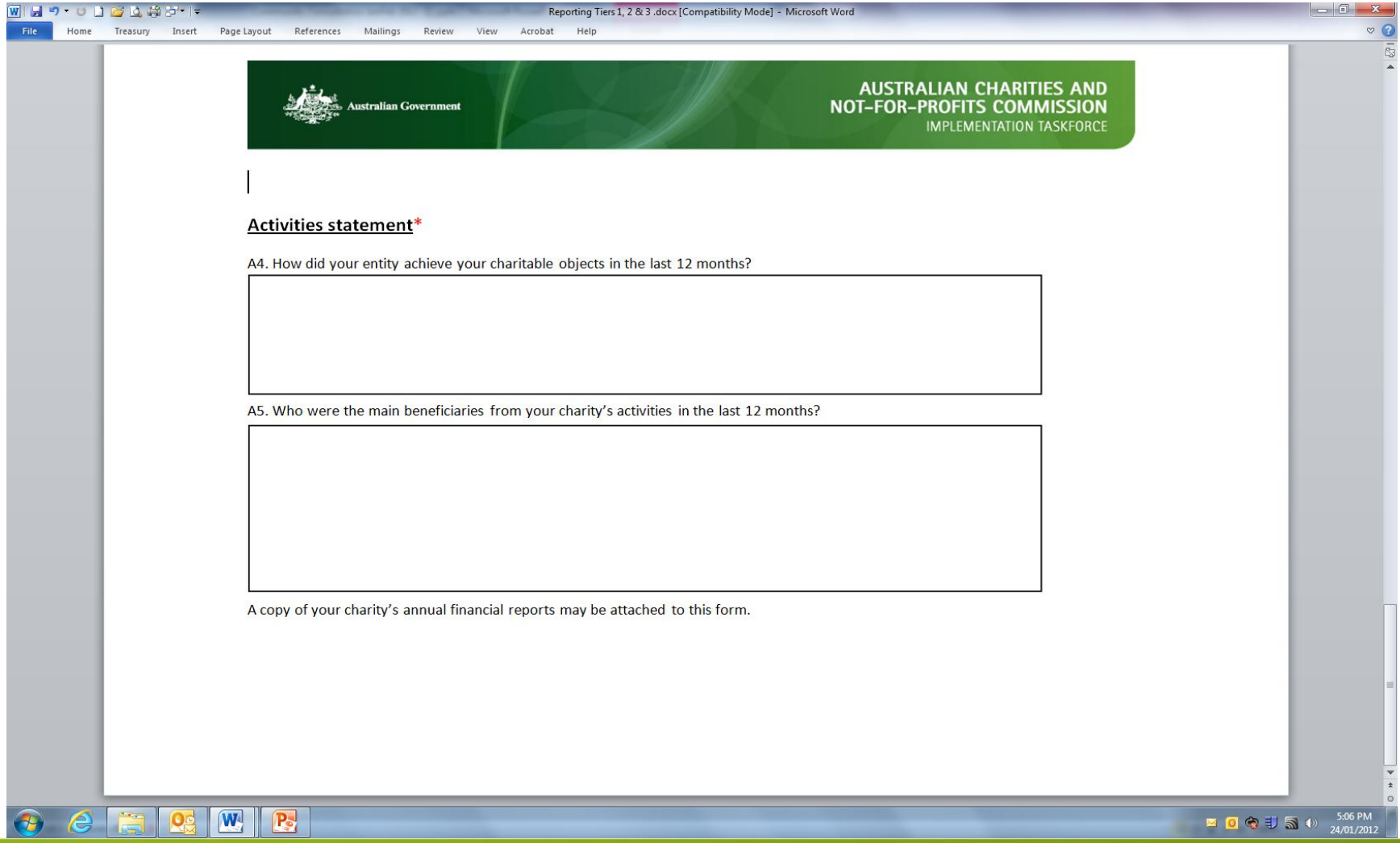
- Reporting based on three tiers
  - Small - revenue up to $250,000 & not a DGR
  - Medium - revenue of up to $1 million if a DGR; or between $250,000 & $1 million if not a DGR
  - Large registered entity - revenue greater than $1 million
- Update registration information online, e.g.
  - Changes to contact information
  - Changes to officers
  - Changes to governing documents (very important)
- Provide required reports

Reporting – all entities

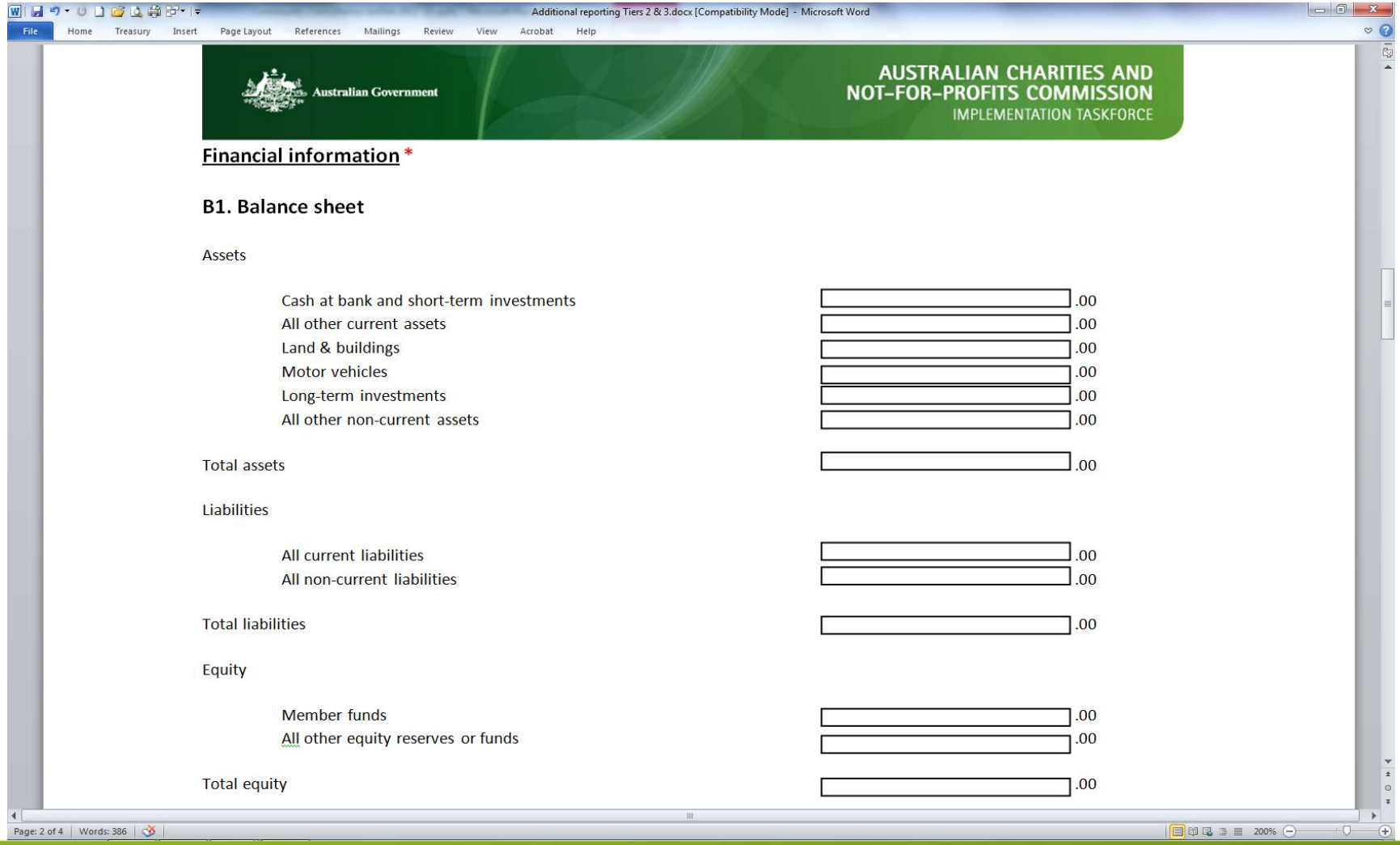
balance sheet & income



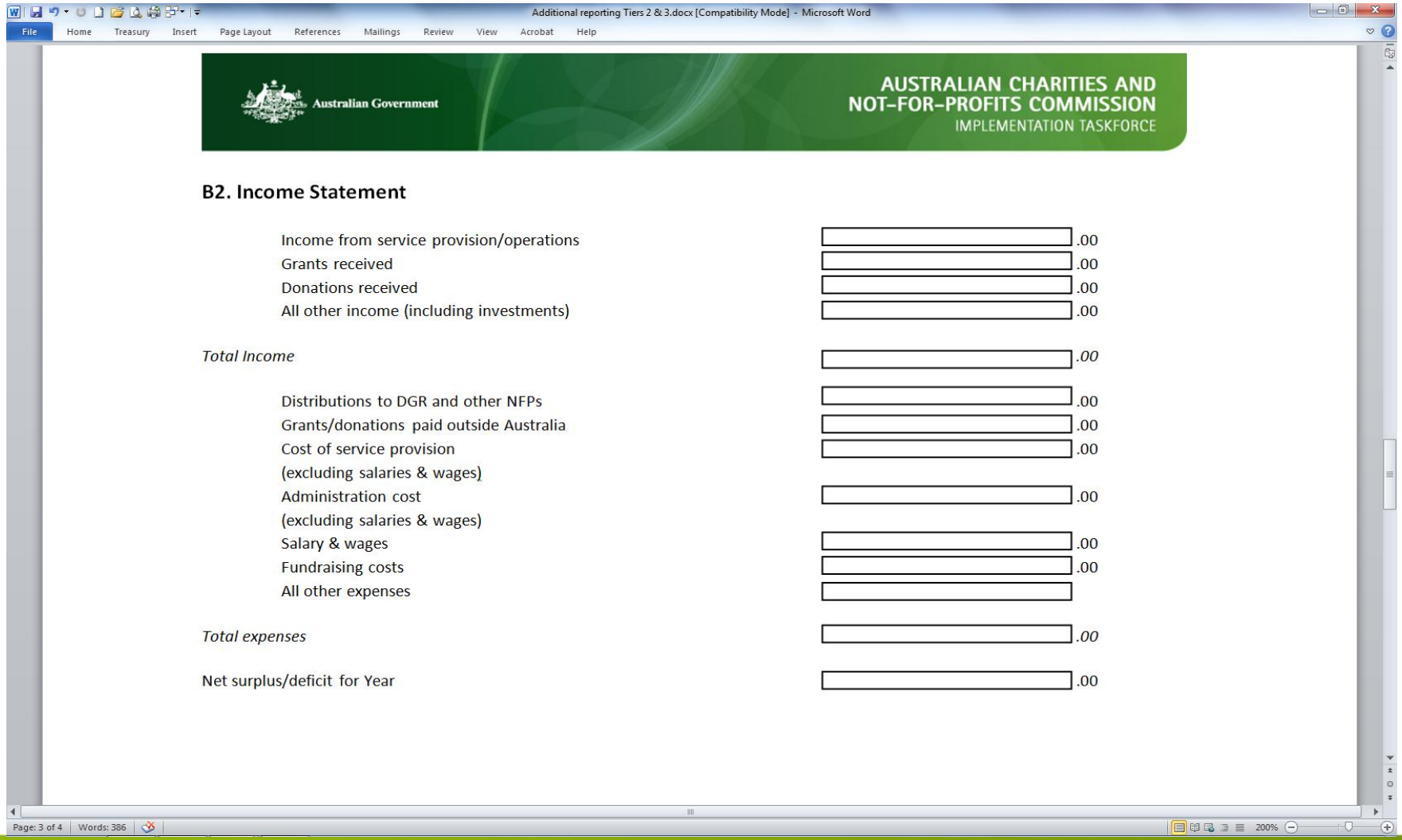
Reporting – all entities activities & beneficiaries



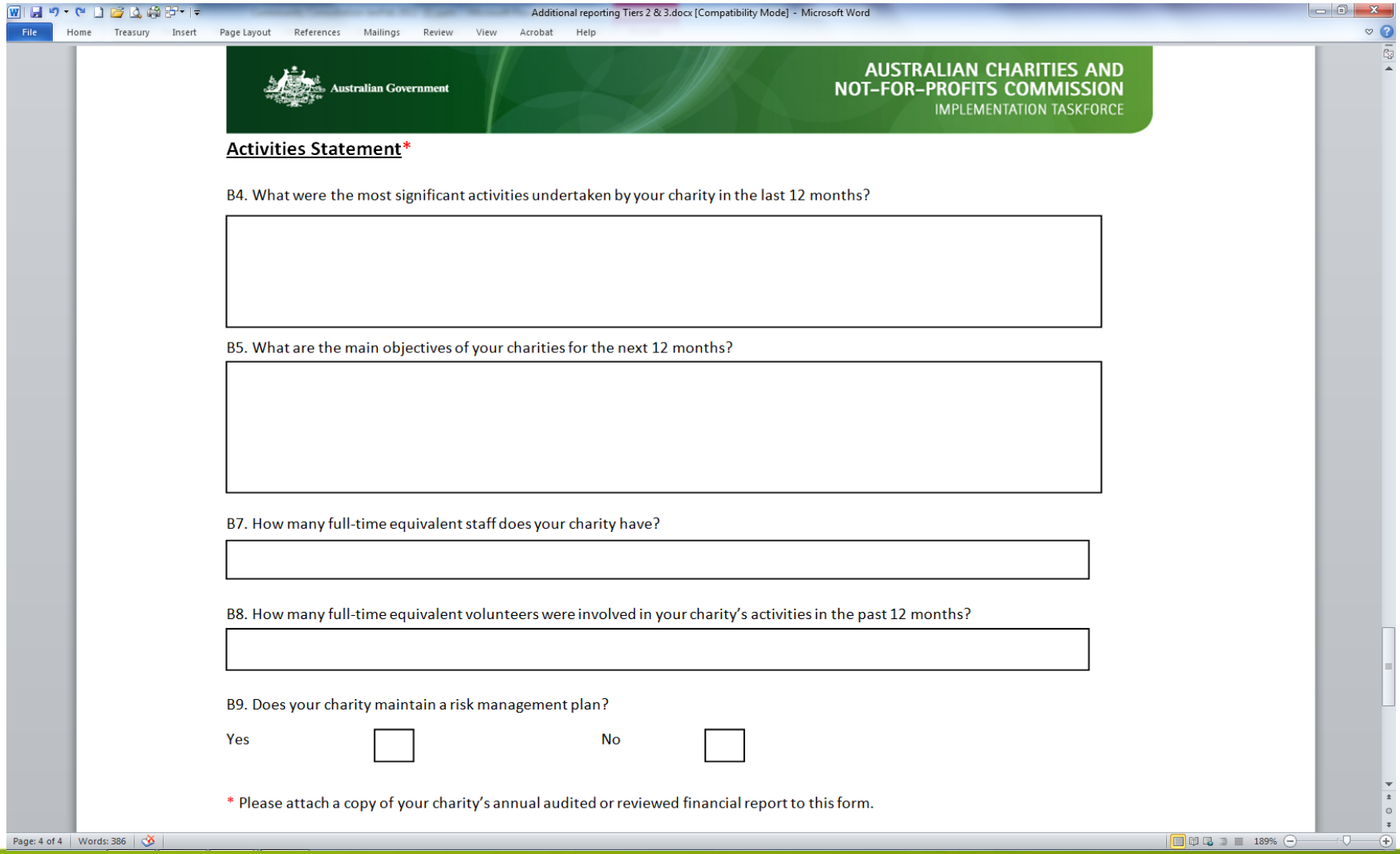
Additional reporting – tier 2 & 3 balance sheet items



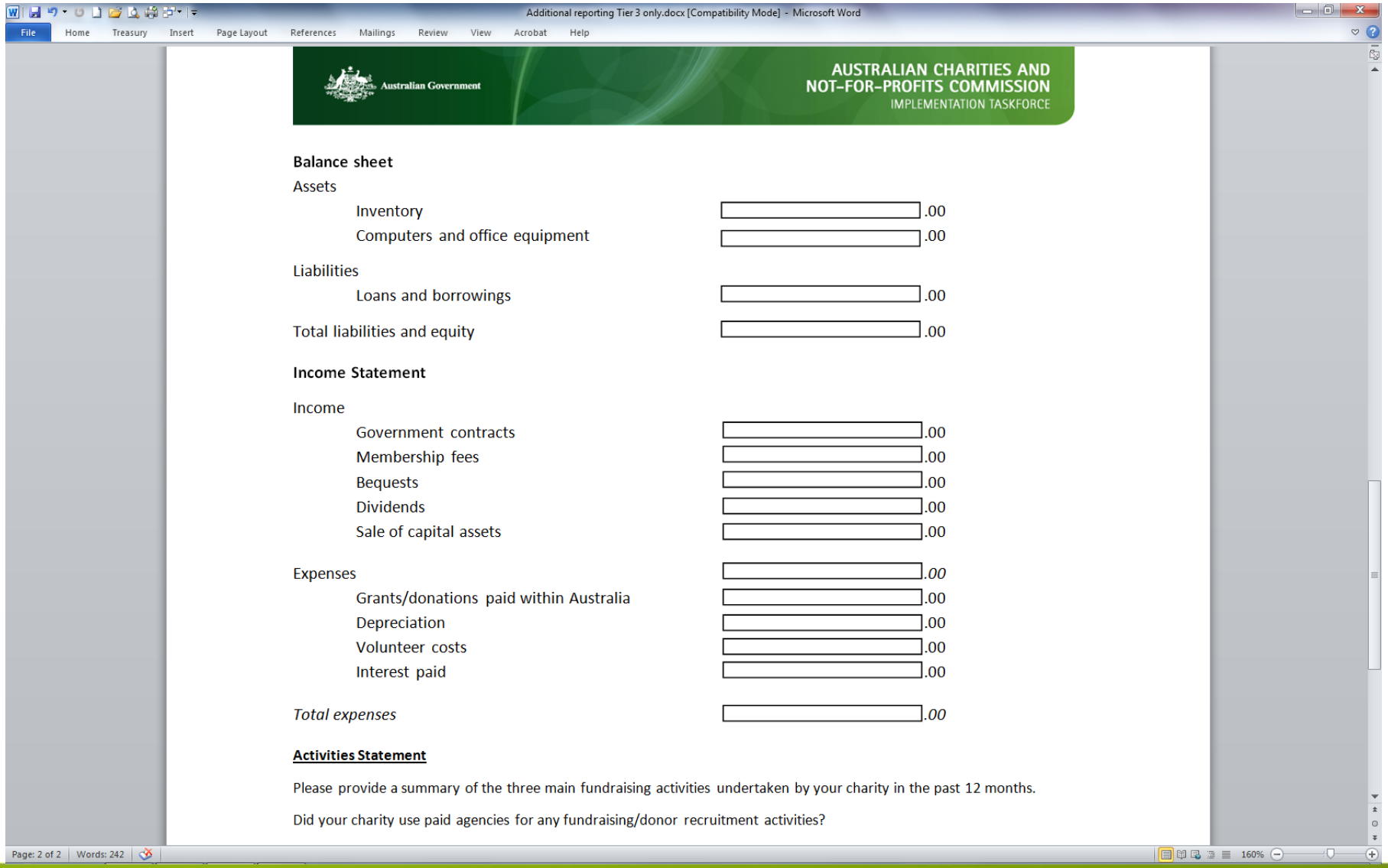
Additional reporting – tier 2 & 3 income statement items



Additional reporting – tier 2 & 3 activities statement items



Additional reporting – tier 3



Additional reporting Tier 3 only.docx [Compatibility Mode] - Microsoft Word

File Home Treasury Insert Page Layout References Mailings Review View Acrobat Help

Australian Government

AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION
IMPLEMENTATION TASKFORCE

Balance sheet

Assets

Inventory	.00
Computers and office equipment	.00

Liabilities

Loans and borrowings	.00
Total liabilities and equity	.00

Income Statement

Income

Government contracts	.00
Membership fees	.00
Bequests	.00
Dividends	.00
Sale of capital assets	.00
Expenses	*.00*
Grants/donations paid within Australia	.00
Depreciation	.00
Volunteer costs	.00
Interest paid	.00
Total expenses	*.00*

Activities Statement

Please provide a summary of the three main fundraising activities undertaken by your charity in the past 12 months.

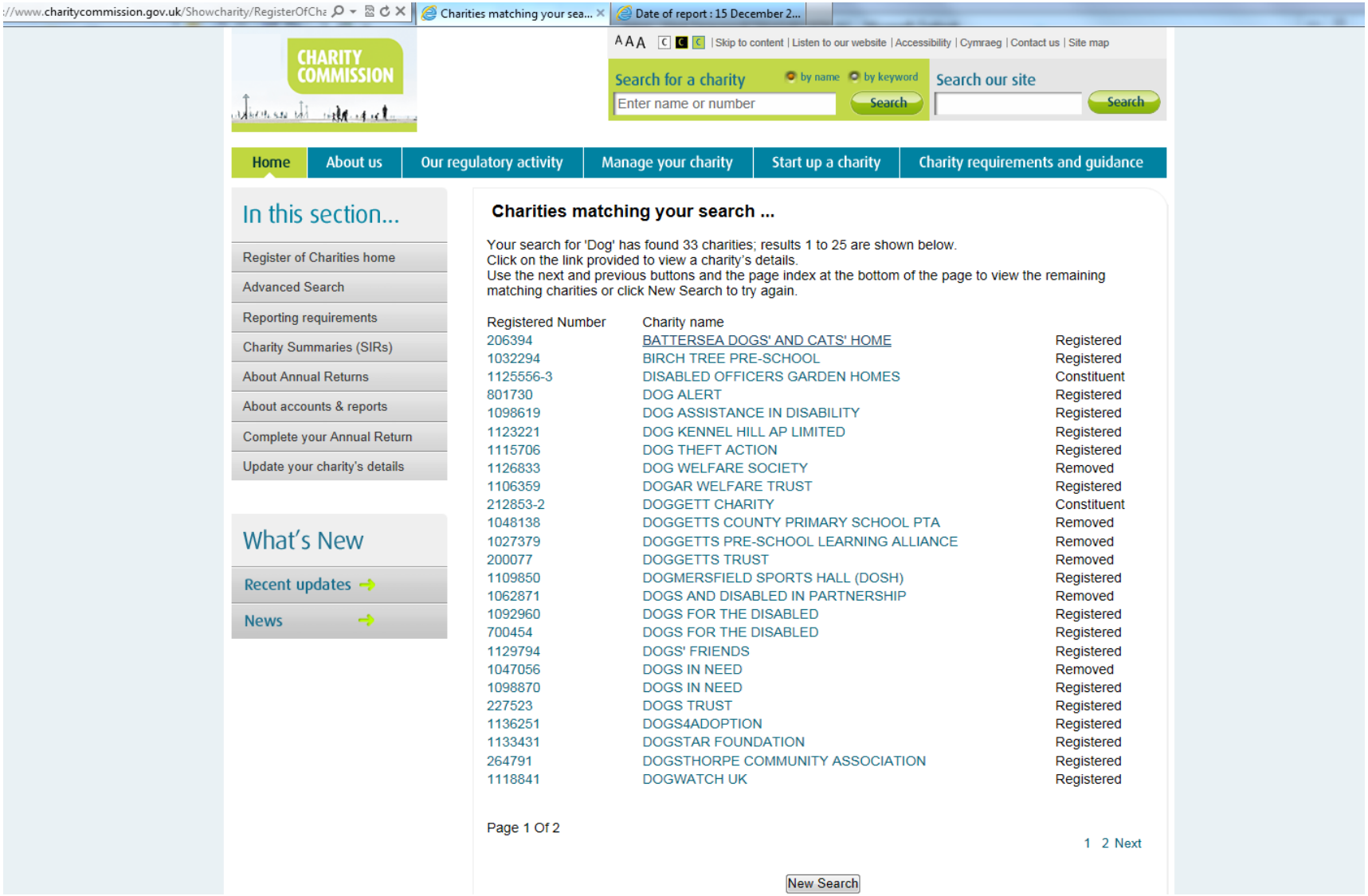
Did your charity use paid agencies for any fundraising/donor recruitment activities?

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ACNC Portal – UK example



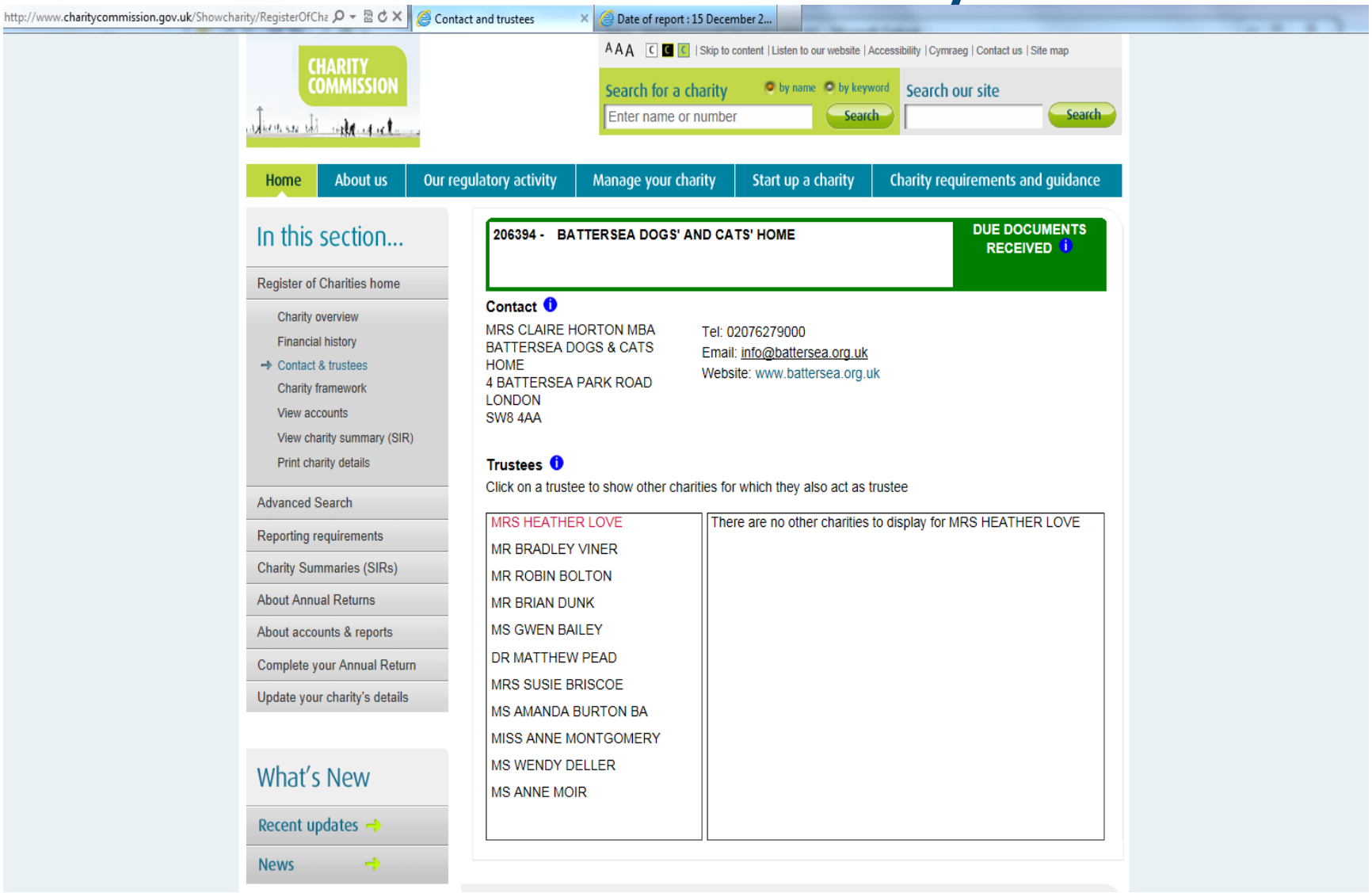
ACNC Portal – UK search



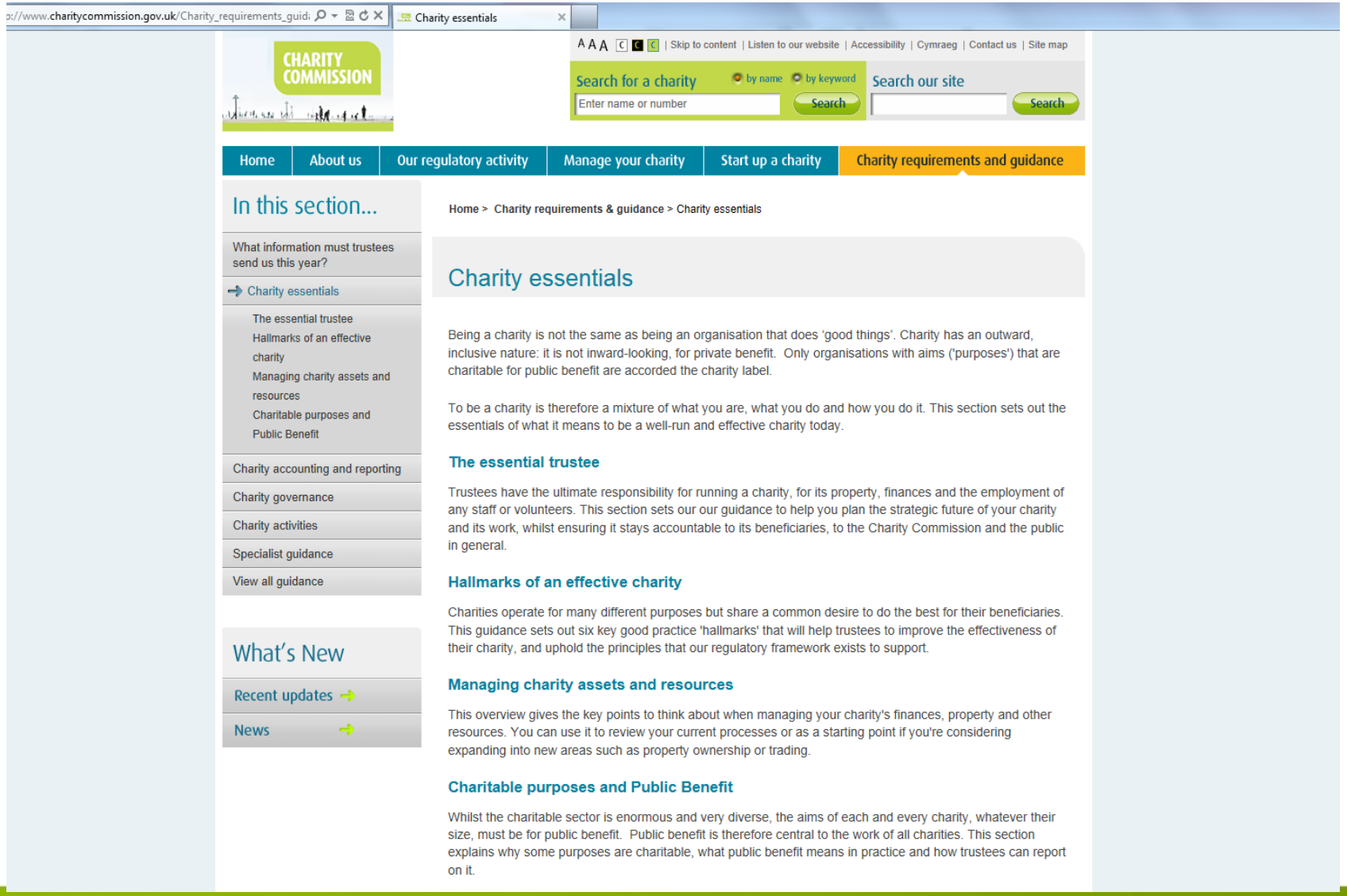
ACNC Portal – UK charity overview



ACNC Portal – UK charity trustees



ACNC Portal – UK charity guidance



Education and Guidance

- Accountability framework for Australian charities
- Benefits of registration as a charity for taxation purposes
- How to register as a Charity
- Obligations of registered charities
- Plain English guidance
- Valuable links

Thank you

Further comments, questions and feedback

http://acnctaskforce.treasury.gov.au

http://www.youtube.com/acnctaskforce