Public Trust in Charities, Governance Issues & Registering with the ACNC

WA State Heritage & History Conference 2017

Susan Pascoe AM | Commissioner
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acnc.gov.au
ABOUT THE ACNC

We are Australia’s national regulator of charities

- We were established on 3 December 2012
- Objects of the ACNC Act:
  - to maintain, protect and enhance public trust and confidence in the sector
  - to support and sustain a robust, vibrant, independent and innovative sector, and
  - to promote the reduction of unnecessary regulatory obligations
- There are currently 54,900 registered charities
KEY STATISTICS: COMBINED INCOME OF ALL CHARITIES

In WA:

- 5,252 charities
- $14.5 billion total income
- WA Culture & Recreation activities - $793,758 income
The number of charities in each state follows a similar pattern to Australia’s population.

Charities are spread across:
- Metro - 67%
- Regional - 30%
- Rural - 3%
KEY STATISTICS: MAIN ACTIVITIES OF AUSTRALIAN CHARITIES

Number of charities by sector

- Religion (29%)
- Education and research (19%)
- Social services (10%)
- Other/Unknown (9%)
- Health (8%)
- Culture and recreation (7%)
- Development and housing (7%)
- Philanthropy (6%)
- Environment (3%)
- International (1%)
- Law, advocacy and politics (1%)

Top 3 sectors by total income

- Education & Research 45%
- Health 25%
- Social services 9%

In WA:
1. Religion
2. Education and Research
3. Social Services
KEY STATISTICS: EMPLOYMENT AND VOLUNTEERING

In WA:

- 135,479 employees
- 227,886 volunteers

WA Culture and recreation:

- 5,342 employees
- 23,468 volunteers
WHAT WE DO

- Register new charities
- Maintain a charity register
- Regulate charities (reporting and compliance)
- Advice, guidance and education
- Reduce red tape for charities
We believe reliable, comprehensive data provides evidence to enable good decision-making.

We publish data on the ACNC Register, which gives transparency and supports public trust and confidence.

The ACNC also shares our data with other government agencies to reduce duplication and red tape.
PUBLIC TRUST AND CONFIDENCE IN CHARITIES

Charity Register

Data integrity

Compliance approach and activity

Publish research

Public outreach and engagement
PUBLIC TRUST AND CONFIDENCE IN CHARITIES
2015 PUBLIC TRUST AND CONFIDENCE REPORT

- Trust in Australian charities is strong.
- 87% of people made some form of contribution to charity in the last year.
- 78% of people support at least one charity regularly.
The ACNC believes that most charities want to do the right thing.

Our first focus is on helping charities to meet their obligations through guidance, education and support.

We aim to work collaboratively with charities to address concerns and resolve issues.

However, the ACNC acts swiftly and firmly in cases of serious misconduct, persistent non-compliance, or gross negligence.
KEY ISSUES: GOVERNANCE STANDARDS

Charities must meet a set of core, minimum standards that deal with how charities are run.

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<th><strong>Purposes</strong> and not-for-profit nature of a charity</th>
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# Recent Compliance Outcomes

In 2015 and 2016:

- **69** Investigations were finalised
- **28** Charities had their registration revoked following investigations (see appendix 1 for full list)
- **2** Charities entered into an enforceable undertaking
- **10** Charities entered into a voluntary undertaking
- **1** The ACNC gave one charity a statutory warning
- **62** Notices served under section 70-5 of the ACNC Act to obtain information and documents
- **27** Charities received self-assessment guidance to address low-risk concerns
- **9** Charities had their registration revoked following a registration review of entitlement
- **40** Large charities were issued with penalty notices ($4,500) for the failure to lodge their 2015 Annual Information Statement.
COMMON COMPLIANCE ISSUES ARE GOVERNANCE RELATED

- Conflicts of interest
- Harm to beneficiaries
- Private benefit
- Fraudulent or criminal activity
- Poor record-keeping
- Financial mismanagement
- Not being accountable to members
CHARITY REGISTRATION

To register with the ACNC, a charity must:

1. Be not-for-profit
2. Have a charitable purpose
3. Comply with ACNC Governance Standards
4. Not have any disqualifying purposes
5. Not be an individual, political party or government entity

All charities are not-for-profit, but not all not-for-profits are charities.
HOW TO REGISTER

acnc.gov.au > Register my Charity

• Before you start:
  – Do some background research – is a new charity the best path?
  – Outline your purpose and prepare your governing documents
  – Think about the resources required
  – Consider any fundraising requirements
  – Understand the importance of legal structure
  – Explore other legal and regulatory issues
  – Decide how your charity will be managed
  – Plan how to promote your charity and its work
REGISTRATION FORM CHECKLIST

You’ll need

• An Australian Business Number (ABN)
• A legal name and legal structure
• A defined charitable purpose
• Financial and funding information
• Responsible person details
• Governing documents
• Details for applying for charity tax concessions with that ATO
OBLIGATIONS OF BEING REGISTERED

- Maintain ongoing entitlement to registration
- Notify the ACNC of certain changes
- Keep records
- Report each year via the Annual Information Statement
- Comply with the 5 governance standards
KEEP IN TOUCH

acnc.gov.au

13 ACNC (13 22 62) 9.00 am – 6.00 pm AEST

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‘Aussie Charities and NFPs’
QUESTIONS?