



Australia's Charities and Not-for-profits

Written Submission

The Options Paper, Australia's Charities and Not-for-profits sets out proposed replacement arrangements for charities in Australia. The paper outlines policy directions proposed by the Government to introduce effective replacement arrangements that reduce the burden of regulation on the civil society sector.

The paper is being released to seek feedback from charities and interested parties on the proposed replacement options. Comments and feedback will inform development of the replacement arrangements. A summary of written submissions will be provided on the Department's website in September 2014.

Please use this submission template to provide your feedback on the proposed replacement arrangements for charities in Australia.

Completed submissions are to be sent by 20 August 2014 to:

consultationwithcharities@dss.gov.au (preferred method) OR

Civil Society and Programme Delivery Policy Branch
Department of Social Services PO BOX 7576
Canberra Business Centre, ACT 2610

Submissions received after 20 August may not be considered.

Unless otherwise stated, the information and feedback you provide may be used for publishing purposes. Please state if you do not wish for your comments to be published.

Instructions for completing the Submission Template

- Download and save a copy of the template to your computer.
- Refer to the *Options Paper, Australia's Charities and Not-for-profits* for context and discussion questions.
- You do not need to respond to all of the questions.
- Please keep your answers relevant to the topic being addressed, we ask that submissions be limited to two pages.

Name (first and surname):

If submitting on behalf of a company or organisation

Name of organisation: Good Beginnings Australia

Stakeholder category (e.g. service provider, client, peak body, academic): Service Provider

State/Territory: National (NSW base)

Contact email address:

Good Beginnings Australia's Response to Options Paper

EXECUTIVE SUMMARY

Good Beginnings applauds the Commonwealth Government for seeking to reduce unnecessary control and red tape on the not-for-profit sector by taking a risk based approach to overseeing institutions for civil society. Strengthening the charities and not-for-profit sector will result in a stronger and more responsive civil society and Good Beginnings supports an effective approach to balanced regulation. (Please see Appendix A)

RECOMMENDATIONS

Good Beginnings notes a number of potential benefits of the ACNC that should be pursued by any future entity, should the Repeal Bill proceed. These are:

1. Encourage charities to link their activities to measures of wellbeing and share their successes and challenges.
2. Take a national approach, as has been adopted for example with business name registrations (previously state by state and now managed federally by ASIC).
3. Continue the development of a charity passport and adaptive reciprocal recognition arrangements with other organisations and jurisdictions.
4. Maintain a regulator approach that begins by assuming that people involved in charities are acting honestly, and use powers that are sufficient to address any concerns raised about a charity without being unduly intrusive.

Good Beginnings is most willing to continue to work with the Commonwealth in order to deliver on its goal of removing unnecessary regulatory control over civil society.

INTRODUCTION

This submission stems from a fundamental support of the Not-For-Profit (NFP) Sector reform and reduction in red tape burden that has been committed to by the Government. It is widely recognised that there are stages to the implementation of reform and Good Beginnings is most willing to play a part in progressing the small/medium organisation engagement in implementation.

Good Beginnings is a strong promoter of transparency within the sector and has actively participated in the PwC Transparency Awards for the past two years, winning the 'Best New Entrant' category in 2012. Good Beginnings believes that an important component of transparency is making information simple and easy to access for all stakeholders. In this regard Good Beginnings has made four submissions to the ACNC regarding its design and governing principles, along with a number of other submissions to various government bodies and working parties, promoting reduction of red tape and better governance across the NFP sector.

Unfortunately too many of Australia's children are still not getting a good beginning. The system designed to support families is broken and Good Beginnings is keen to help change it. Australia is programs rich and systems poor and opportunities to reduce the burden of regulation to the civil society sector are welcomed. Any considerations for 'replacement arrangements' needs to consider what is already working and focus on creating effective systems and not change for change sake.

Australia's Charities and Not-for-profits

The current objects of the ACNC were developed after substantial consultation with the sector, and Good Beginnings, among many others, provided input into that consultation. These objects are:

ACNC Object 1: to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector

The sector benefits from having a central place like the ACNC for self-reporting requirements.

Any advancement that can be made across the 'fund raising' licenses that currently differ from each jurisdiction would be most beneficial – this is key to reducing the burden of regulation.

The impost of varying regulation at a state level is felt most keenly by small to medium organisations that don't have the capacity of larger ones to absorb varying standards. Similar to private sector business Good Beginnings experiences this impost is in areas such as (but not limited to) Workplace Health and Safety, Child Protection and Trade Practices. Good Beginnings acknowledges the work of the ACNC to date and its commitment to transparency and reduction in red tape, including the role it has taken in facilitating greater alignment of NFP standards at a state level, and would commend prioritising fundraising regulation in this regard. Good Beginnings is currently required, as a national organisation, to ensure the maintenance of fundraising licenses and/or compliance with state or territory-specific fundraising regulations in 8 jurisdictions in addition to the Commonwealth, each with their own peculiarities and overlapping requirements.

The ACNC currently applies a proportionate compliance approach which appears to be working.

ACNC Object 2: to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector

The discussions around National Centre of Excellence have suggested that this is not the replacement for the ACNC but an opportunity to further support to the sector. The regulatory and registry process is currently being met through the ACNC. The role the National Centre of Excellence could play in developing innovation and additional roles such as an Aggregator, Thought Leader Champion and Facilitator of Networks could be added to the ACNC as it already stands.

The role of determining charitable status is currently being maintained via ACNC and to reduce red tape and the burden to the sector it seems the ACNC is already operating as an independent panel.

ACNC Object 3: to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector

The ability to update information through the Annual Information Summary (AIS) has been most effective for Good Beginnings. Greater acceptance of this Statement and reduction in individual agency requirements would have a much stronger impact on achieving the desired proportionate compliance framework.

When compared to the current demand on Good Beginnings to acquit approximately 80 different programs to Commonwealth agencies, and using the assumption that each acquittal requires 2 hours/month of staff time to maintain separate records (as opposed to management report needs), plus an hour report prep, and 1 hour for audit (where required).

- Good Beginning spent 1704 hours in 2012/13 meeting these requirements.
- At staff hourly rate plus on costs: \$66456 – roughly 1% of the government funding that Good Beginnings received during the financial year 2012/13.
- This is the equivalent of:
 - Another supported playgroup
 - Taking Deadly Strong and Proud to Palm Island
 - Half an FTE Family support (another 5-6 caseload)
 - Running another 2 Toy Libraries
 - 2/3 of a Wellbeing of Children Report

A reduction in red tape could be achieved in transitional arrangements by adding to the ACNC rather than reinventing another system. While not understood by Good Beginnings it is curious what the additional cost will be in re-establishing a new identity and how those funds could be directed to civil society purposes.

Appendix A:

RESPONSE TO SPECIFIC QUESTIONS IN THE OPTIONS PAPER:

Self-reporting

It is not apparent that the proposed arrangements will reduce red tape; in fact Good Beginnings would be required to undertake website changes in order to enact the proposed requirements in order to ensure all information is made available.

It is also Good Beginnings' experience that search engines can find expired pages for websites. While this can be managed in terms of contact details, it becomes much less reliable as a source of information for those seeking to verify the bona fides of the organisation.

An alternative would be for the existing database developed by the ACNC to be retained and utilised by the succeeding body. This would also be a more effective use of public monies spent on creating this database.

Good Beginning's experience of the past 12 months is that the administration of regulatory requirements has been simplified with an online system which can be easily and regularly checked with minimal time and resource. This is in stark comparison to previous experiences where it was difficult to confirm what information the ATO had on file or who were noted as the responsible persons. The 1.3million hits on the ACNC website would suggest this information is being widely used.

Determining Charitable Status

As the ACNC currently uses the ATO for back office support, similar to the New Zealand model, the most appropriate option for managing conflict of interest would be for the

Compliance

The ACNC currently applies a proportionate compliance approach which appears to be working.

A risk associated with the proposed approach relates to open competition. As an applicant for and recipient of government funding, Good Beginnings must demonstrate that it can best meet the requirements of the funding stream prior to being eligible for funding. It is not conducive to balanced competition if other organisations seeking funding are not required to meet commensurate standards.

Transition

The impact of transition would be lessened by retaining information already provided to the ACNC and distributing this to Commonwealth agencies. This will save resubmission of the same information in the future.

CONCLUSION:

Good Beginnings is a small national Not-for-profit that is nimble enough to know the limitations of its size but well placed to understand the macro challenges. In responding to this submission Good Beginnings primary request is that the current three objects of the ACNC, developed through substantial sector consultation, be upheld.