



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: *World Vision Australia*

Stakeholder category (e.g. service provider, client, peak body, academic): *charity*

State/Territory: *Victoria*

Contact email address:

Response to Options Paper:

Begins overleaf

I. General comments

- 1.1 We welcome this opportunity to provide our feedback in relation to the *Options Paper on Australia's Charities & Not-for-profits* ("Options Paper").
- 1.2 World Vision Australia ("WVA") is a Christian relief, development and advocacy organisation dedicated to working with children, families and communities to overcome poverty and injustice. We are a public company limited by guarantee and hold tax concessions and endorsements under the *Income Tax Assessment Act*. We have been registered as a charity with the Australian Charities and Not-for-profits Commission ("ACNC") since its inception in December 2012.
- 1.3 WVA is a strong supporter of the ACNC and applauds the significant achievements that it has made to date in fulfilling its objectives of (a) enhancing public trust in the not-for-profit (NFP) sector; (b) supporting a robust and vibrant NFP sector; and (c) promoting the reduction of unnecessarily regulation and red-tape in the sector. WVA unequivocally recommends that the ACNC be retained and strengthened by the current government.

2. Proposed new reporting arrangements

- 2.1 We do not believe that the proposed new reporting arrangements would "achieve the right balance between the need for public accountability and a commitment to not burden organisations with unnecessary reporting obligations."¹ In our experience, the current reporting obligations imposed by the ACNC are neither burdensome nor unnecessary and the public accountability that they yield would not be replicated under the proposed new arrangements.
- 2.2 Our responses to the specific questions on this topic in the Options Paper are as follows:

Q1: Do you believe that these proposed requirements will be less time consuming than current requirements?

WVA: We do not expect that the proposed requirements would make a material difference to WVA in terms of time required, given that (a) most if not all of this information already appears on our website; and (b) the ACNC's reporting requirements (namely, the Annual Information Statement) are not time-consuming. By way of contrast, WVA estimates that in FY13 it spent in excess of 13,000 hours in fulfilling reporting obligations to other government departments and agencies (at both a Commonwealth and State level), most notably, grant acquittal and reporting obligations to the Department of Foreign Affairs & Trade (DFAT – formerly AusAID).

Q1: What changes would your organisation need to make to meet the new requirements?

WVA: None – see above.

Q3: Do you foresee any impediments to charities complying with these requirements?

WVA: We expect that the proposed requirements would impose both direct costs (website development; domain registration; ongoing hosting) and indirect costs (ongoing maintenance and updating of websites; training/upskilling of staff/volunteers).

Q4: Do you believe these requirements will provide transparency? If not, what changes would you make?

WVA: We recommend that the Charities Register be retained in substantially its current form, even if the *ACNC Repeal Bill* is passed. We believe that the proposed arrangements would be a backward step for transparency as opposed to the situation that currently exists with the ACNC's Charities Register, including for the following reasons:

- **Centralisation and usability:** to find key information about a given charity currently, a member of the public can simply visit a single website (the Charities Register) which they can be assured is authentic and trustworthy,

¹ Commonwealth of Australia, Department of Social Services, *Options Paper – Australia's Charities & Not-for-profits* (2014), 4.

rather than search the (unregulated) internet at-large for the individual webpages of the more than 60,000 charities (of which there can be little assurance of authenticity).

- **Uniformity:** the Charities Register presents the key pieces of information about a charity in a uniform, consistent matter – allowing the public to very quickly compare ‘like with like’. Under the proposed new arrangements, there is no prescribed format as to where, how and to what extent the prescribed information should be presented by the 60,000+ different charities.
- **Fit-for-purpose:** the Charities Register provides a digestible snapshot of the key pieces of information about a charity that are relevant to a member of the public and provides links to more detailed information should they required.
- **Transparency:** one of the benefits of having a centralised Charities Register is that compliance may be easily monitored and enforced and visible to the public. We believe it is a significant assurance to the public.

3. Determining charitable status

- 3.1 WVA joins with the vast majority of the sector who report having had positive dealings with the ACNC in its capacity as administrator of charitable status and related tax concessions.² Even the Senate Economics Legislation Committee’s *Report into the ACNC Repeal Bill* noted the positive work of the ACNC in this regard, stating that “the ATO could learn much from the way the ACNC has interacted with the not-for-profit sector”.³
- 3.2 Our responses to the specific questions on this topic in the Options Paper are as follows:

Q5: Which of these options do you believe best guarantees the independence of the decision making process?

WVA: We are concerned that neither of the options presented in the Options Paper would guarantee the independence of the decision-making process, as there is no indication in the Options Paper that the recommendations of the review panel (under either option 1 or option 2) would be binding on the Commissioner of Taxation. Provided that the underlying legislation clarifies that the review panel would have the power to make binding decisions, WVA’s preferred option would be option 1 (IE: an external independent panel), because an internal ATO panel (option 2) would be unlikely to be viewed by the sector as being truly independent of the ATO.

Q6: Are there any other considerations that should be taken into account when these functions are undertaken?

WVA: See above.

4. Proportionate compliance

- 4.1 The NFP sector has been almost unanimously calling for a single, fit-for-purpose regulator for many years – a call which culminated in the 2010 Productivity Commission Report: *Contribution of the Not-for-profit Sector*, which confirmed that there existed “an urgent need to bring together the multiplicity of governance, taxation and fundraising regulatory arrangements, especially at the Commonwealth level.”⁴ WVA believes that to now unravel this long-awaited single regulator would be a backward step in supporting and sustaining a robust and vibrant NFP sector.
- 4.2 Our responses to the specific questions on this topic in the Options Paper are as follows:

Q7: Are there any reasons why this approach may not work?

WVA: Having a centralised regulator such as the ACNC promotes an effective and consistent regulatory approach across multiple jurisdictions and organisational structures, thus leading to a best-practice approach and an ability to effectively police and safeguard against fraudulent activity and misuse of public funds. To return to a system of piecemeal regulation by multiple regulators (each with their own varying approaches and levels of resourcing) would lead to inconsistent results (thus hindering the vibrancy of the sector) and the ability for fraudulent/inappropriate

² See the *Not for profit Sector Election Survey*, in which 81% of those surveyed responded that they prefer regulation by the ACNC as opposed to 6% who favoured a return to the ATO (Pro Bono Australia, 2013 *Not for Profit Sector Election Survey*. 15 August 2013, 5).

³ Commonwealth of Australia, Senate Economics Legislation Committee, *Report into the ACNC Repeal Bill* (2014) 29.

⁴ Australian Government Productivity Commission, *Contribution of the Not-for-Profit Sector* (2010), xxxv.

behaviour to ‘slip through the cracks’ (thus reducing public trust in the sector). Furthermore, to abolish the ACNC would be to remove the one organisation with a mandate and genuine ability to drive the reduction of red-tape in the NFP sector and champion the harmonisation of inconsistent regulatory approaches across Commonwealth, State and Territory departments (EG: fundraising regulation).

Q8: Do you foresee any risks in this approach?

WVA: See above.

5. Transitional Arrangements

- 5.1 We do not have any comments to make regarding the proposed transitional arrangements, save to note that the ACNC and the NFP sector generally were actively preparing for the establishment of the ACNC in the 18 months prior to it occurring. It may not, therefore, be feasible to require an immediate changeover to the proposed arrangements once the *ACNC Repeal (No. 2)* Bill receives Royal Assent, as is suggested in the Options Paper.

Thank you for this opportunity to provide our feedback in relation to the Options Paper. We would be happy to discuss any aspect of this with you – please contact
on or at

20 August 2014

World Vision Australia