

# John Church

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Dear Consultation,

Thank you for the opportunity to make a submission though in what capacity I am not sure but I probably represent 4-5 million Australians who are donors to Charities who I note are not included in your stakeholder categories.

## **Options For Replacement .....**

1. The title of the paper is addressed as providing options for replacement arrangements, yet a clear reading of the paper does not reveal any options for replacement. Therefore one can only comment on items in the paper.
2. You work on the assumption that regulation does not have benefits. The existing regulation does facilitate transaction cost savings by promoting trust and confidence.
3. I note that the Government did not include the abolition in its formal election commitments and therefore some of 4-5 million Australians may have voted for it on a false premise.
4. Self Reporting by what standard. This will mean additional compliance cost and may create competition which will merely assist the large and well resourced charities to the disadvantage of smaller volunteer charities. It is forgotten in this whole exercise that most charities started as small volunteer bodies.
5. If this happens what will happen to the provisions for other commonwealth agencies that now exist. This has not been discussed in your paper.

## **Next Steps**

6. The RIS with the bill repealing the ACNC was inadequate and misleading. Can you provide assurances that this will be rectified in future legislation?
7. There is a strange statement about using the consultation before the closing of submissions.

## **Current Legislative Requirements**

8. The paper seems to omit the powers of the Commissioner of Taxation e.g sections 162 and 163 which are far greater than those of the ACNC.
9. This also only applies to Charities that wish to get the taxation benefits.

## **Proposed New .....**

10. The use of the terms self reporting and self management. I would submit that charities have always prepared their own reports and your statement suggests this is not the case.
11. I note that other parties such as donors (4-5 million), members or recipients of services are not mentioned. The Department of Social Services

should look carefully at its onerous reporting policies imposed which are not proportionate so it is very hard to give credibility to your statement of the Government's intention.

12. The requirement of the government by law for charity to maintain a website is an additional burden on a small or new charity as well as the paper does not give any clear indication as to what is to be maintained on the website. The economic advantage of a website is not proven. This is clearly an impost on all charities that is vague, uncertain and ambiguous.
13. The term funding is not clearly or accurately explained. So one cannot comment on this.
14. Does the government wish to break its policy in interfering in State and local government?
15. The fundamental mistake in the proposition you are advancing is that charities who are given privileges and benefits do not have to report in one place and effectively hide themselves from public scrutiny. I would submit this is not good public policy. Though secrecy maybe government policy if so why not say so?

### **Self Reporting**

16. I note that you will be imposing fees and increased reporting requirements on some charities because of their structure. Can you please explain why?
17. Financial reports are an area for contention but you are suggesting that some religious charities will have different reporting to those that are to those that do not fall within the definition of basic religious charities. Could you please explain the basis of this discrimination which seems to favour some religions and not others. I would expect the RIS to explain this clearly.
18. The number of reports that charities are required to provide to other regulators has diminished since the creation of the ACNC. There is no evidence shown that these gains will be maintained.
19. The duplication advocated by the paper does not cover all reports and does not guarantee a one stop concept.
20. No it will mean a similar amount of time but diminish significantly the quality of the reporting.
21. The ATO is reducing staffing by 4000 by 2017-2018. I refer to the ANAO(no 48. 2013-2014) report on the administration of the ABR which indicates after 14 years has not been administered to the standard required. The ANAO (no 52 2010-2011)concerning the administration of the DGR reveals that even when there were more staff in the ATO standards were not met. This was further evidenced in the recent Four Corners Report. The paper does not evidence any additional resources being provided for the proper administration.

22. Any transfer must require the ATO to meet the service standards that do apply to the ACNC. Failure would mean going backwards.
23. The ASIC has written advising that it would need additional resources yet this has not been offered in the paper. For those charities that were governed by ASIC there will be a new additional workload on them to deal with the altered requirements between the ACNC and ASIC. The paper does not acknowledge this issue.

#### **Determining Charitable Status**

24. Option One is better but it should be underpinned by legislation and be a decision making body thereby reducing the number of processes, require a timely response, given power to issue rulings. The General Anti –Avoidance Rules Panel is only consultative thereby making the process longer and is not perceived to be independent.

#### **Proportionate Compliance Framework**

25. Why is it more efficient to have to rely on ASIC ,ATO, State and Territory to provide an appropriate governance framework . Take charities that operate in more than 1 State or Territory. The existing ACNC removes this duplication and multiple types of reports.
26. It is totally unclear whether this will work because it is not clearly illustrated as to its intention.

#### **Transitional Arrangements**

27. The legislation for proposed arrangements coming into effect on the day of Royal Assent does not provide for clarity to all the parties effected.
28. There is no provision expressed for all charities to receive timely, accurate, and clearly expressed written information of the legislative changes.
29. The legislation should not permit information collected by the ACNC to be made available beyond those that had access under the ACNC Act.
30. It is impossible to accurately assess other transitional matters until the legislation is provided. Will there be an opportunity for consultation on the final legislation?
31. The current options paper assumes that a central register of information about charities and the mandatory reporting established by the ACNC will not be continued yet it has offered no public policy reason for this abolition.

Yours Faithfully,

John Church