

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Australian Charities and Not-for-profits Commission (ACNC)

Question No: 58

Topic: ACNC Registry

Reference: Written

Senator: Hanson, Pauline

Question:

1. How many religious based charities are registered? Can you break it down by religion? If so can you tell me by religion how many charities and how many deductions have been allowed?
2. How many audits of those on the ACNC Registry have been done in 2015/16? What are the main issues identified over the past five years?
3. What does the ACNC do to ensure terrorist organisations do not obtain funding by using it in one way or another?

Answer:

1. The [Australian Charities Report 2015](#), published in December 2016, found that 29% of Australia's 54,000 registered charities advance religion.

The ACNC's data does not break registered charities down by different religions.

Advancing religion, which is a charitable purpose as defined in Section 12 of the [Charities Act 2013 \(Cth\)](#) (the Charities Act), is not a tax deductible category for income tax purposes.

The ACNC does not determine eligibility for DGR status, this is administered by the Australian Taxation Office (ATO).

2. In 2015-16, the ACNC received 930 concerns, the majority of which were from members of the public. During this period, the ACNC's compliance function assessed 215 concerns, relating to 179 registered charities.

Over the ACNC's first five years of operation, major areas of concern have included:

- Not-for-profit nature – including private benefit, or charities that fail to work toward their charitable purposes
- Duties of responsible persons – including concerns regarding financial mismanagement, and failure to address potential harm to beneficiaries
- Entitlement to registration – including sham charities, disqualifying purposes and private benefit
- Non-compliance with reporting obligations – including failing to submit annual reports to the ACNC (over 9,000 charities have had their registration revoked for failing to report twice – these charities are referred to as 'double defaulters')
- Accountability to members – failing to hold meetings and provide sufficient information to the charity's members

The ACNC also conducted a targeted review of the top 1,500 charities (which control 80% of the charity sectors' assets) to compare their Annual Information Statements and annual financial reports.

3. The ACNC priorities concerns and risks relating to terrorism financing in a number of ways:

During the registration process

Under Section 25-5 of the [Australian Charities and Not-for-profits Commission Act 2012 \(Cth\)](#) (the ACNC Act) it is a condition of registration that entities are not engaged in, or supporting, terrorist or other criminal activity.

Through our compliance function

The ACNC reduces risks of registered charities being misused to fund or support terrorism by working across key regulatory, intelligence, and law enforcement agencies to share information and investigate concerns.

In 2015, the ACNC conducted an initial review of all 7,673 registered charities that reported that they sent funds, or operated, overseas. This initial review involved working in collaboration with other government entities to identify reporting anomalies or concerns.

Risk assessment

The ACNC has partnered with AUSTRAC to conduct a risk assessment of the Australian NFP sector in regards to terrorism financing. The outcome of the risk assessment will inform a whole of government framework in relation to the:

- Targeting of future outreach to the sector
- Ensuring supervision and monitoring of the sector is risk-based
- The coordination of information gathering and investigation of non-profit organisation (NPOs) at risk of misuse
- The application of any further regulatory measures to NPOs in the future

Education for registered charities

The ACNC proactively delivers education and support resources to help registered charities protect against terrorism financing risks, including:

- Fit-for-purpose checklist: 'Protecting your charity against the risk of terrorism financing'
- Tailored guidance materials including a guide on identifying fraud and a factsheet on overseas aid and governance.
- Research report on charities involved overseas
- Webinars and online presentations on good governance
- In-language material to support diverse audiences
- Presentation to Chartered Accountants ANZ auditors conference