

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: ACNC

Question: SBT 4295

Topic: Regulatory burden of charities

Reference: Hansard page no. 118-119 - 22 October 2014

Senator: Ketter, Chris

Question:

Senator KETTER: Ms Pascoe, I acknowledge that Senator Siewert has already asked you a number of specific questions in the area that I want to touch on, but I will just ask generally: in what way does the operation of the ACNC reduce the regulatory burden of charities?

Ms Pascoe: There is a number of ways and some of them are only partially complete. If you look at it in terms of the regulatory architecture, when states and territories align their regulatory arrangements, you have only one set of reporting to be done in those jurisdictions. Given that you have a significant minority of charities operating across jurisdictions, that is a significant one.

In addition to that, on the long debated promise that we will get a harmonisation of fundraising regulation across this country, which is currently administered by the states and territories, with the ACNC in place you have the regulatory architecture to enable that to happen. That would be a dramatic reduction in red tape for charities because most of them, if they are fundraising, do use the internet and technically they are supposed to register and report in each jurisdiction, and each jurisdiction has different statutes—so they have to familiarise themselves with all of that legislation.

In addition, there is the charity passport, which I will not repeat, which is an administrative arrangement that allows us to push out data to the Commonwealth and other state and territory agencies that want to get involved in this—it enables the 'report once, use often'. Once the ACNC has the information—that is the core corporate information as well as the financial and governance information—all they need to give to the government agency that they are interacting with is their ABN or their legal name. For those that are involved with a lot of submissions for grants, that is a dramatic saving as well.

I also mentioned the initiative of another jurisdiction to use the charitable determination of the ACNC. Curiously, that saving is within that jurisdictional agency—not only are there savings to the red tape impost on charities but there are considerable savings if you start to add up the fundraising savings within jurisdictions, the offices of state revenue or the state revenue offices—they get different nomenclature across jurisdictions. If the state-based regulators were to follow the lead of South Australia and the ACT then you would again see not only the reduction in requirements for charities but dramatic cost savings in those jurisdictions.

Senator KETTER: Are you able to quantify that benefit to charity in terms of the reduction of red tape in relation to the charitable donations that it saves?

Ms Pascoe: I can take that on notice. There is one piece of work that was done by the ACT when they were investigating whether they would proceed with an arrangement with the ACNC. I cannot find it quickly in my notes; I will get it to you on notice. Across Australia, the estimate was a saving of \$125 million per annum. It is \$2 million for the ACT.

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Answer:

In its submission to the Senate Inquiry into the Australian Charities and Not-for-profits Commission (Repeal) (No. 1) Bill 2014, the ACT Government (through Andrew Barr MLA, Minister for Community Services) stated that:

“A conservative estimate in the ACT is that the savings that will accrue to community sector organisations solely through cooperation between the ACNC and the ACT Government, and excluding savings that are anticipated through ACT Jurisdiction only reforms, are in the order of \$2.0m per year, or 1.26% of the total funding to the community sector through ACT Government service funding agreements.

While 1.26% of total funding may not seem a significant figure, it represents more than half the average annual funding indexation payments that jurisdictions attach to funding for charities, and it equals more than half of the average annual wage price increase over 2013 reported by the Australian Bureau of Statistics. With the ACT representing approximately 1.6% of community sector spending nationally, potential savings gained through cooperation with the ACNC, pro rata on a national basis, could total approximately \$125m per annum.”