



20 July 2012

Committee Secretary  
House of Representatives Standing Committee on Economics  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary

### **Inquiry into the Australian Charities and Not-for-profits Commission Exposure Draft Bills**

The Consumers Health Forum of Australia (CHF) welcomes the opportunity to provide a submission to the House of Representatives Standing Committee on Economics' Inquiry into the Australian Charities and Not-for-profits Commission (ACNC) Exposure Draft Bills.

CHF is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

CHF is a not-for-profit (NFP) organisation, as are many of our members, and we therefore have a strong interest in NFP sector reform. Many CHF members are also registered charities. CHF recognises the need for NFP sector reform, and has provided input to numerous consultation processes on NFP sector reform, including recent submissions to the Treasury in response to the Exposure Draft of the *Australian Charities and Not-for-profits Commission Bill 2012*, the Consultation Paper on the *Review of not-for-profit governance arrangements* and the Discussion Paper on *Charitable Fundraising Regulation Reform*.

CHF is a member of the Community Council for Australia (CCA). We have reviewed their submission and are supportive of the principles it contains. Some additional comments on selected aspects of the legislation are provided below.

#### ***Arrangements for not-for-profit organisations that are not registered charities***

In our submission to the Treasury on the Exposure Draft legislation, CHF sought clarification on the proposed arrangements for NFP organisations which are not charities, as well as certainty about whether the ACNC's role will expand to include the regulation of these bodies, and the likely timeframe. We therefore welcome the inclusion of an explicit statement in the Explanatory Materials that:

*Initially, only tax endorsed charities will be regulated by the Australian Charities and Not-for-profits Commission (ACNC). However, the Bill establishes a regulatory framework that can be extended to all NFP entities in the future.*

In the current version of the legislation, entitlement to registration with the ACNC is limited to entities that are charities. We assume, therefore, that legislative amendments will be required if the regulatory framework is to be expanded to include all NFP entities. CHF looks forward to an announcement in due course regarding the proposed arrangements and timeframe for this transition.

### ***Transitional arrangements***

CHF welcomes the staged approach to reform outlined in the Explanatory Materials, with financial reporting requirements and governance standards for registered charities coming into effect on 1 July 2013, but the first financial reports not required to be lodged with the ACNC until 31 December 2014. This recognises the need for charities to have time to transition to the new regulatory framework and for the ACNC to provide guidance materials to help with the transition

CHF hopes that similar transition arrangements will be in place when the regulatory framework is extended to all other NFP entities.

### ***Emphasis on education***

CHF recognises the need for the Bill to include wide-ranging enforcement powers for the ACNC Commissioner, to address the unscrupulous activities of a small minority of NFP organisations. We welcome, however, the emphasis on the ACNC's educational activities in all the sections of the legislation dealing with compliance, as this clearly indicates that the intention of the ACNC is to work with registered entities and provide them with guidance to assist them to comply with and understand their obligations under the legislation. CHF also welcomes the inclusion of a requirement that the ACNC Commissioner must consider a range of policy matters, such as an organisation's compliance track record, before using enforcement powers.

CHF appreciates the opportunity to provide a submission to the Inquiry, and awaits the outcomes of the Inquiry with interest. If you would like to discuss the issues raised in this submission in more detail, please contact CHF Senior Policy Manager, Anna Greenwood.

Yours sincerely

**Carol Bennett**  
**CHIEF EXECUTIVE OFFICER**