

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2016 - 2017

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

Question No: 126

Topic: Harmonisation

Reference: Written

Senator: Ketter, Chris

Question:

1) In February of this year, you noted that states and territories are willing to engage on the topic of harmonisation, but that only the South Australia parliament has shown an appetite to move formally into making an arrangement with the ACNC. What strategies does the ACNC have to encourage other states and territories to make similar harmonisation arrangements?

Answer:

The ACNC's approach to working with state and territory governments to harmonise regulation is outlined in the *ACNC 2015-16 Annual Report* (pages 89-92) and the response to *SBE 127*.

- Strategies adopted by the ACNC to promote alignment of regulatory obligations on charities include:
 - Direct engagement with state and territory governments
 - The ACNC continues to work bilaterally and multilaterally with state and territory government agencies to harmonise charity regulation (see *SBE127*). This includes face-to-face meetings and teleconferences, along with extensive mapping of entity lists, regulatory obligations and options for alignment. The ACNC does the 'leg work' to make it as easy as possible for states and territories to harmonise regulation.
 - Multilateral working groups and committees are particularly useful in promoting harmonisation. Progress by one state or territory is influential in persuading others to pursue harmonisation. Key working groups are:
 - Fundraising Regulatory Reform Working Group (FRRWG), consisting of state and territory consumer affairs officials. The ACNC has been an observer on this working group. A paper on options for fundraising regulation reform was presented to consumer affairs commissioners in July 2016.
 - State Revenue Office (SRO) – ACNC Working Group, consisting of state and territory revenue commissioners and the ACNC Assistant Commissioner Charity Services. Considers opportunities for alignment of ACNC and SRO charity registration and application processes. ACNC is the Chair of the working group.

- Commissioning independent research on regulatory burden and options for harmonisation:
 - Cutting Red Tape Report (acnc.gov.au/cuttingredtapereport): the ACNC commissioned Deloitte Access Economics to undertake a research project to identify options available to align regulatory obligations between the ACNC and the states and territories. The report, released in February 2016, is a companion piece to an earlier publication the ACNC commissioned Ernst & Young to conduct, which focused on the reporting burden for charities from the Commonwealth perspective. Both research projects directly engaged stakeholders to ascertain the extent of current regulatory burden and to inform options for reform. The Cutting Red Tape report, which estimates potential regulatory savings of \$29 million, recommended three options for red tape reduction:
 - Existing ACNC obligations could fulfil state and territory regulatory requirements
 - Align, state, territory, and ACNC regulatory obligations
 - The ACNC could become a central regulatory body for charities.
- Reform proposal papers:
 - An ACNC paper proposing a common charity definition across all Australian jurisdictions was launched July 2016 at the Annual States' Taxation Conference.
- Policy submissions to governments:
 - For example, the ACNC submission to the Australian Consumer Law Review and to the NSW Charitable Fundraising Review.
- Education and consultation:
 - See SBE 127(3). The ACNC's efforts to inform and engage the sector about the benefits of harmonising charity regulation encourage state and territory governments to pursue harmonisation.
- Information sharing:

As well as implementing more comprehensive options for regulatory harmonisation, the ACNC shares charity information with state and territory government agencies through the Charity Passport.