

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 30

Topic: Establishment of the Australian Charities and Not-for-profits Commission

Hansard Page: Written

Senator Fifield asked:

Regarding the *Establishment of the Australian Charities and Not-for-profits Commission Regulation Impact Statement – Treasury* (para 1.130):

How many small charities will face additional compliance burdens due to the reforms?

Given Treasury estimates that this additional burden would be “one half of one working day in staff time” – what is the expected cost of these reforms to small charities in dollar terms?

Answer:

The Australian Charities and Not-for-profits Commission (ACNC) will determine the charitable, public benevolent institution, and other not-for-profit (NFP) status of entities. Registration with the ACNC will be voluntary but only registered charities will be able to access support provided by the Australian Government. Registered NFP entities will be required to provide the ACNC with general reports on an annual basis from 1 July 2013. Reporting requirements will be proportional to an entity's size and risk, and will be determined in consultation with the NFP sector.

Currently, the Australian Government estimates that there are around 60,000 charities operating in Australia. Given current data availability, the Government is unable to estimate the number of small charities that would have different interactions with Government as a result of the reforms. It is not possible to express costs of these reforms (if any) in dollar terms, as firstly, the Government does not have information on the current reporting requirements that all NFP entities face, nor the current availability and use of volunteers and pro bono services for entity reporting, and secondly, the new general reporting framework for NFP entities is yet to be fully developed.

All charities are required to maintain financial records and information on their activities to meet current regulatory obligations. The clear policy intent of these reforms is to reduce compliance burdens for charities and other NFP entities who currently suffer from inconsistent and overlapping reporting obligations. Under an unlikely situation in which the reforms would lead to additional reporting to the ACNC, without any countervailing reduction in reporting resulting from the ‘report-once, use-often’ framework, Treasury estimated that it would take no more than half of one working day in staff time to meet new obligations.