

Submission

to the

Senate Standing Committee on Economics

on

**Enquiry into the Disclosure Regimes for Charities and
Not-For-Profit Organisations**

By

Union Aid Abroad - APHEDA

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To

The Secretary
Senate Standing Committee on Economics

From

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1. Introduction

1.1 About Union Aid Abroad - APHEDA

Union Aid Abroad – APHEDA is the overseas humanitarian aid agency of the ACTU. Founded in 1984, almost all Australian national unions and their state branches are members of APHEDA, as well as all State Labor Councils and many regional Labor Councils and several hundred individual union members.

Union Aid Abroad - APHEDA directly supports training projects in education and vocational skills training in developing countries. Many of APHEDA - Union Aid Abroad's projects are designed to strengthen community development and human rights including workers' rights, and to help communities organise around these important issues.

On behalf of Australian workers, Union Aid Abroad - APHEDA is helping skills training for working men and women in South East Asia, the Pacific, the Middle East and southern Africa. Currently, Union Aid Abroad - APHEDA is assisting over 50 training projects undertaken with 42 separate project partners in 14 countries where workers and their families face poverty, exploitation or civil conflict.

Union Aid Abroad - APHEDA's funding is provided by an annual grant from the ACTU, by sponsorship of overseas projects by many unions, by donations from many individual members of trade unions and by grants, submitted for on a competitive basis, from AusAID. For the last financial year for which our audit is complete (2006-07), grants from AusAID comprised 6% of our \$5.4 million income.

Union Aid Abroad – APHEDA is :-

- An incorporated Association (Incorporated in NSW, Incorporation Number Y1103419).
- Endorsed as a Deductible Gift Recipient ABN Number 76 425 451 089
- Endorsed as an Income Tax Exempt Charitable Entity by the ATO
- Is Registered as a Registrable Australian Body with ASIC (ARBN 095 293 879)
- Has Authority to Fundraise in NSW (Authority Number CFN12752)
- Has Authority to Fundraise in Victoria under the Fundraising Appeals Act 1988
- Has Authority to Fundraise in Queensland (Certificate of Sanction No. CP5015)
- Has Authority to Fundraise in South Australia (Licence No. 1106)
- Has a Licence to Fundraise in Western Australia
- Has Authority to Solicit for Charitable Donations in Tasmania under Collections Act 2001
- Has Authority to Conduct Charitable Collections in ACT (Licence No. 158)
- Is a signatory to the ACFID Code of Conduct for overseas aid agencies

2 AusAID disclosure requirements for overseas aid agencies

In Australia, if an overseas aid agency wishes to be qualified to bid for AusAID funding under Cooperation Agreements, or avail of funding available through the AusAID NGO Cooperation Program (ANCP) certain basic levels of accreditation and disclosure are required.

2.1 AusAID Accreditation requirements

AusAID previously required all Australian aid agencies wishing to receive funds from AusAID be accredited either at a base level or full level accreditation. This accreditation is renewed every five years.

As a fully-accredited agency, Union Aid Abroad – APHEDA strongly supports this process of accreditation.

Accreditation requires passing a quite stringent desk assessment and agency assessment. The desk assessment entails a written report answering over 200 question around five areas of competence. These are:-

1. Agency identity and structure
2. Development philosophies and management practices
3. Approaches to partnership and development collaboration
4. Linkages with the Australian community
5. Financial systems and risk management.

To back up the answers, 129 “verifiers” of material to provide proof of the answer are required, and 38 Annexes are also required as extra information.

While accreditation is very onerous, (it is estimated that to complete the desk assessment alone requires one staffperson working full-time for nine months) almost all aid agencies are in favour of this system. This is because to pass AusAID accreditation requires a very high level of competency, transparency and probity of management and financial structures, and so incompetent or questionable aid agencies are removed from the field.

2.2 AusAID Audit requirements

Besides an accreditation process every five years, AusAID also require all aid agencies to have an annual audit by qualified auditors and approximately every five years, an extensive audit by an AusAID-appointed audit team of all funds received from AusAID. This ensures that all Australian aid agencies receiving funds from AusAID have the accounting systems and structures in place to fully account for those funds.

2.3 AusAID evaluations of overseas projects

In order to ensure that organisations receiving AusAID funds are also delivering quality development projects on the ground overseas, AusAID undertakes frequent independent evaluations of any AusAID-funded projects. An example of this is the Cluster Evaluations of projects funded through the AusAID NGO Cooperation Program (ANCP), where each year, two countries or regions are selected, and ANCP projects by NGOs in those countries are evaluated.

2.4 AusAID requirement to be a signatory to the ACFID Code of Conduct

AusAID also requires that for any Australian aid agency which wishes to bid for or qualify for AusAID funding must be a signatory to the Australian Council for International Development (ACFID) Code of Conduct.

Recommendation:

Union Aid Abroad – APHEDA strongly supports the AusAID system of accreditation for overseas aid agencies, believes the high standards of this accreditation system should be maintained, and believes that no Australian overseas aid agency should be eligible for any AusAID funding unless it first passes accreditation at either the base or full level.

3. ACFID Code of Conduct disclosure requirements for overseas aid agencies

ACFID is the umbrella group for Australian aid agencies, and ACFID has developed a self-regulating Code of Conduct for Australian aid agencies. (see www.acfid.asn.au/code-of-conduct) This Code requires signatories to maintain the highest organizational integrity in governance, in communicating with the public, in financial probity and in personnel and management practice.

In terms of financial disclosure for Code signatories, ACFID requires that all signatories prepare audited financial statements each year in a common standard format found in the Code, so it is possible for donors to compare spending ratios of several aid agencies through their Annual Reports.

Recommendation:

As a signatory to the ACFID Code of Conduct, Union Aid Abroad – APHEDA strongly supports this Code as a successful self-regulatory system that requires signatories to maintain the highest standards of public disclosure.

4. State governments' disclosure requirements for overseas aid agencies

As the overseas aid agency of the Australian trade union movement, Union Aid Abroad - APHEDA operates and fundraises in every state in Australia to support our overseas training projects.

Although incorporated as an Association in NSW, every year Union Aid Abroad – APHEDA renews permits to fundraise in each State and the ACT. The permit to fundraise in NSW is valid for five years, but every other State requires renewal every year.

The process for renewing this authority or permit to fundraise in each State is very complex, time consuming and costly, leading to significant inefficiencies. It highlights the need for either uniform fundraising laws in each State or for cross-recognition by States of an organisation's authority to fundraise in the State in which it is incorporated.

While Union Aid Abroad – APHEDA fully supports the need for strict fundraising laws in order to prevent fraud by unscrupulous people attempting to exploit the public, we also believe that these fundraising laws could well be standardized across States without any loss of effectiveness.

Recommendation:

That the Commonwealth and States consider either standardizing fundraising regulations for charities across all States, or alternatively, if a charity has authority to fundraise in the State in which it is incorporated, this authority should be recognized across all States and Territories.