



Submission to the Senate Standing Committee on Economics

On 18 June 2008, Senator Allison (Democrats) moved that the Senate note the report by CHOICE on charities, published online in March 2008. The report highlights the wide variability and inconsistency in the way that charities disclose information to the public and acknowledges that the 27 recommendations from the Inquiry into the Definition of Charities and Related Organisations, which reported in 2001, have not been implemented. The Senate agreed to send the matter to the Senate Standing Committee on Economics for report by the last sitting day of November 2008.

The Inquiry will examine:

- 1. the relevance and appropriateness of current disclosure regimes for charities and all other not-for-profit organisations;*
- 2. models of regulation and legal forms that would improve governance and management of charities and not-for-profit organisations and cater for emerging social enterprises, and;*
- 3. other measures that can be taken by government and the not-for-profit sector to assist the sector to improve governance, standards, accountability and transparency in its use of public and government funds.*

Understanding that Churches and Church Denominations currently fit into the definition of charities, the Australian Christian Churches (Assemblies of God in Australia) wish to make the following submissions for the consideration of the Senate Committee:

1. We strongly assert that churches, charities and not-for-profit organisations are making a very substantial contribution to the social and economic well-being of Australia. Without their contribution the government would not be able to provide for the numerous social needs of the community. For that reason, any changes imposed upon these organisations should be designed to help them work more efficiently rather than making it harder for them.
2. We acknowledge the importance of transparency and appropriate disclosure regimes for all charities and not-for-profits. We also do not object to measures being implemented to improve governance and management of charities.

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3. We believe that the current reporting regimes in relation to churches, charities and not-for-profits are inconsistent and confusing. Each state has its own incorporations act, as well as the national company legislation, and the required accountability is totally inconsistent from one jurisdiction to another.
4. We believe that it is appropriate for an independent organisation, other than the Australian Taxation Office, to determine whether an entity qualifies to be accepted as a charity. The primary mandate of the Taxation Office is to raise revenue and there is a perceived conflict of interest when they are involved in determining the criteria for charity status.
5. In principle, the ACC does not object to the establishment of a national organisation in the form of a "Charities Commission" to regulate churches, charities and not for profits provided that:
 - a. Churches and charities have a significant input into the structure and scope of the organisation. (It should be working for the charities and not become an impediment to their effective operation.)
 - b. It not be established as a "one size fits all" solution. Churches charities and not-for-profits vary significantly in relation to their size and the scope of their operation so it is not appropriate to burden them all with the same levels of reporting. The aim should be to minimise red tape whilst requiring appropriate accountability.
 - c. It replaces all other government reporting requirements for churches, charities and not-for-profits. It is important that it be a part of a total restructure rather than an added layer of bureaucracy.
 - d. It is funded out of consolidated revenue and that its establishment does not impose a further financial burden on the already stretched budgets of charities.
6. If a "Charities Commission" is established, it is important that its provisions be equally applicable to all churches, charities and not for profits. Currently, entities established under an act of Parliament have differing reporting requirements to entities incorporated under National or State incorporation acts.

We trust that this submission will be useful in your deliberations and remain available to discuss these matters should you wish to confer further. We would also be keen to be involved in any other consultative processes.

Respectfully Submitted



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National Secretary
Australian Christian Churches