

Submission

Australian Catholic Religious Against Trafficking in Humans

(ACRATH)

Tax Deductible Gift Recipient Reform Opportunities

Discussion Paper
15 June 2017

Summary of consultation questions followed by comments

ACRATH has chosen not to comment upon the recommendations that are directed specifically to charities from other Registers.

1. *What are stakeholders' views on a requirement for a DGR (other than government entity DGR) to be a registered charity in order for it to be eligible for DGR status. What issues could arise?*
 - 1.1. The requirement to be registered as a charity will provide little additional work on the part of entities not already registered, but will provide greater transparency and public confidence in the sector. The public will be able to see through the ACNC website how public funds were used for the declared public benefit purposes declared by the entity.
2. *Are there likely to be DGRs (other than government entity DGRs) that could not meet this requirement and, if so, why?*
 - 2.1. No comment
3. *Are there particular privacy concerns associated with this proposal for private ancillary funds and DGRs more broadly?*
 - 3.1. We do not have any privacy concerns.
4. *Should the ACNC require additional information from all charities about their advocacy activities?*
 - 4.1. ACRATH has always been involved in advocacy with Governments and other relevant agencies around the issue of Human Trafficking. This has included direct advocacy with governments about needed changes to legislation, improvements to support mechanisms for trafficked persons, strengthening preventative measures through better targeted overseas aid, and seeking ongoing government funding for our own work. We have not engaged in any lobbying for or against particular political Parties or individuals. We see no problem in seeking full disclosure from charities about their advocacy activities. The more transparent and accountable members of the sector are can only be of benefit to the sector as a whole.
5. *Is the Annual Information Statement the appropriate vehicle for collecting this information?*

- 5.1. The more information that can be collected through the one instrument once a year and made available to all appropriate authorities through the ACNC website the better. Currently, much time and effort is expended in reporting to a multitude of agencies that have an interest in the activities of ACRATH as a charity registered for DGR through the RHPC, incorporated in Victoria, and licensed to collect funds throughout Australia.
6. *What is the best way to collect the information without imposing significant additional reporting burden?*
- 6.1. See above. A simple Question in the AIS asking whether any advocacy was undertaken and a brief statement to describe the nature of any advocacy would be sufficient.
7. *What are stakeholders' views on the proposal to transfer the administration of the four DGR Registers to the ATO? Are there any specific issues that need consideration?*
- 7.1. We do not see any problem with this proposal provided that the ATO is sufficiently resourced to carry out the increased monitoring tasks. ACRATH in reporting to the RHPC each year is required to identify the number of donations received and the \$ value of those donations and how these funds were expended. Apart from the number of donations received, the rest of this information is already reported in the Audited Financial Statement submitted to ACNC. Similar questions about the quantity and expenditure of donated funds are also currently asked by Fundraising Licensing authorities in various States.

We were also asked to provide clarifying statements on our principal activities. These are also contained in the President's Annual Report, which is uploaded to the ACNC ACRATH page. The fact that ACNC permits joint reporting from the registered entity precludes the need for a report for the Public Fund. However, the RHPC requires the maintenance of a distinct Public Fund with its own ABN. We will comment on this in #8 below.

8. *What are stakeholders' views on the proposal to remove the public fund requirements for charities and allow organisations to be endorsed in multiple DGR categories? Are regulatory compliance savings likely to arise for charities who are also DGRs?*
- 8.1. We are a registered charity through ACNC, but also registered for DGR through RHPC. As mentioned above, this requires at present a duplication, even triplication or worse of reporting data to multiple agencies.
- 8.2. ACRATH does not see any disadvantage, rather compliance savings, if the need to maintain a Public Fund were removed, and the RHPC was removed and collapsed into the one Charity Register maintained by ACNC, with DGR managed and monitored by the ATO. All of the information currently required by the various agencies to whom we are currently required to report can be found on the ACNC website – with the exception of the number of donations received, and we do not see how this is relevant.
9. *What are stakeholders' views on the introduction of a formal rolling review program and the proposals to require DGRs to make annual certifications? Are there other approaches that could be considered?*

- 9.1. ACRATH is not opposed to this type of compliance oversight. A simple desktop review based on information required in the AIS would suffice in most cases. A periodic inspection of records and operations in more detail would also not be opposed. A realistic cycle for more detailed inspection of records might be between five and seven years, given the numbers of charities involved, and the increase in workload required of smaller charities with small numbers of employees to prepare for and facilitate such inspections.
10. *What are stakeholders' views on who should be reviewed in the first instance? What should be considered when determining this?*
- 10.1. It might be a legitimate process to select a variety of charities from across the four current Registers, from each of the three sizes of charity, and from each State and Territory. This would enable those undertaking this initial review process to gain an overview of the sector across the country and across the various sizes of charity and how well or otherwise compliance and maintenance of DGR status is being managed.
11. *What are stakeholders' views on the idea of having a general sunset rule of five years for specifically listed DGRs? What about existing listings, should they be reviewed at least once every five years to ensure they continue to meet the 'exceptional circumstances' policy requirement for listing?*
- 11.1. No Comment
12. *Stakeholders' views are sought on requiring environmental organisations to commit no less than 25 per cent of their annual expenditure from their public fund to environmental remediation, and whether a higher limit, such as 50 per cent, should be considered? In particular, what are the potential benefits and the potential regulatory burden? How could the proposal be implemented to minimise the regulatory burden?*
- 12.1. No Comment
13. Stakeholders' views are sought on the need for sanctions. Would the proposal to require DGRs to be ACNC registered charities and therefore subject to ACNC's governance standards and supervision ensure that environmental DGRs are operating lawfully?
- 13.1. ACRATH believe that registration by ACNC, and the requirements to adhere to governance standards, together with oversight by the ATO and the proposed periodic reviews and inspections are sufficient to ensure compliance with the law. The ability for both ATO and ACNC to remove DGR and Charity status respectively for breaches would seem to be sufficient deterrence and/or punishment for acting outside requirements and/or standards.

*Submitted via email on behalf of ACRATH National Committee
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