

Charities and Not-For-Profit Commission in Australia

Background Information for Prayer prepared by Lilian Schmid

Psalm 24 King James Version (KJV)

24 The earth is the LORD's, and the fulness thereof; the world, and they that dwell therein.

2 For he hath founded it upon the seas, and established it upon the floods.

3 Who shall ascend into the hill of the LORD? or who shall stand in his holy place?

4 He that hath clean hands, and a pure heart; who hath not lifted up his soul unto vanity, nor sworn deceitfully.

5 He shall receive the blessing from the LORD, and righteousness from the God of his salvation.

6 This is the generation of them that seek him, that seek thy face, O Jacob. Selah.

7 Lift up your heads, O ye gates; and be ye lift up, ye everlasting doors; and the King of glory shall come in.

8 Who is this King of glory? The LORD strong and mighty, the LORD mighty in battle.

9 Lift up your heads, O ye gates; even lift them up, ye everlasting doors; and the King of glory shall come in.

10 Who is this King of glory? The LORD of hosts, he is the King of glory. Selah.

Introduction

(ACNC) is an Australian statutory body and the national regulator of the voluntary sector, including charities and other not for profits. It was announced in the 2011 Australian federal budget. and has operated from 3 December 2012.

Approximately 56,000 charities and non-profit organisations are registered with ACNC, of a total of about 600,000 such organisations. Charities need to be registered with ACNC to be entitled to tax exempt status as well as certain other exemptions and benefits, such as an ability to give tax deductible receipts. The ACNC seeks to harmonise state fundraising laws. Registered organisations are required to file an Annual Information Statement. The Australian Charities and Not-for-profits Commission (ACNC) is the independent national regulator of charities:

The ACNC has been set up to achieve the following objects:

- maintain, protect and enhance public trust and confidence in the sector through increased accountability and transparency
- support and sustain a robust, vibrant, independent and innovative not-for-profit sector
- promote the reduction of unnecessary regulatory obligations on the sector.

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The Australian Charities and Not-for-profits Commission (ACNC) role:

- registers organisations as charities
- helps charities understand and meet their obligations through information, guidance, advice and other support
- helps the public understand the work of the not-for profit sector through information, guidance, advice and other support
- maintains a free and searchable public register so that anyone can look up information about registered charities is working with state and territory governments (as well as individual federal, state and territory government agencies) to develop a 'report-once, use-often' reporting framework for charities.

The Australian Taxation Office (ATO) remains responsible for deciding eligibility for charity tax concessions and other Commonwealth exemptions and benefits.

Some charities also choose to meet voluntary standards such as codes of conduct or codes of ethical practice set by professional associations, peak bodies or other agencies. For example, charities who are aid and international development organisations may be members of the Australian Council for International Development (ACFID), and follow ACFID's Code of Conduct.

Benefits:

Taxation

A number of tax or other benefits may be available to charities from Commonwealth, state, territory and local government agencies. Charities must meet certain requirements to receive tax benefits from these government agencies. Charities may also have obligations to collection agencies.

Commonwealth taxes

The Australian Taxation Office (ATO) is responsible for deciding eligibility for Commonwealth charity tax benefits. Charities may be able to apply to the ATO for a different tax benefits including:

- income tax exemption and franking credits
- goods and services tax (GST) concessions
- fringe benefits tax (FBT) rebates and exemptions, and
- deductible gift recipient (DGR) status.

The ATO will decide which concessions and benefits a charity will be eligible to receive.

Local government concessions

Some local government authorities may offer concessions to charities. For more information, contact the local government authority in the areas where your charity operates.

Legal structures

There are several types of legal structures used by charities. Different obligations apply to each type. Your charity's legal structure affects many things, such as:

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- its reporting and governance requirements to the government agency that incorporated (registered) it
- its ability to operate outside the state it is registered in without further registration, or
- its eligibility for certain tax concessions.

Incorporated associations

Most charities have the legal structure of 'incorporated association' and are regulated by state and territory governments. These charities have 'Inc.' or 'Incorporated' at the end of their name. Incorporated associations may have obligations to state or territory government regulators, such as providing annual reports or keeping financial records. Charities must still meet these obligations.

Indigenous corporations

Charities registered as Aboriginal and Torres Strait Islander corporations are regulated by the Office of the Registrar of Indigenous Corporations (ORIC).

Cooperatives

Some charities are incorporated using the legal structure of 'cooperative' and are regulated by state and territory governments. A cooperative is a type of organisation that is owned, controlled and used by its members. There are different kinds of cooperatives.

Fundraising

Charities that undertake activities to raise money (fundraising) may be required to meet obligations (such as applying for a permit or license to fundraise) to a fundraising regulator in the state or territory in which they operate.

Streamlining fundraising

The ACNC has liaised with state and territory regulators to look for ways to harmonise these obligations, and some states and territories are looking at legislative change. For example, the Government of South Australia consulted on an Exposure Draft proposing changes to the South Australian incorporated associations and charitable collections legislation to harmonise reporting, and to allow charities to collect donations in South Australia once they are registered with the ACNC. The ACT Government has also considered amendments to its charitable collection legislation to reduce duplicated reporting.

Other laws and obligations

There are a number of other laws that affect the operation of charities covering areas such as employment, trading, occupational health and safety, workers' compensation and anti-discrimination. For example, charities are required to meet obligations under work health and safety legislation and workers' compensation legislation in every state and territory. It is important to note that your obligations may vary between states and territories, if your charity works in more than one.

Some charities may have responsibilities that are specific to their area of work. For example, charities that provide aged care services may need to meet other obligations or hold accreditation

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as part of working in this field, and charities that work with young people may require their staff and volunteers to undertake a working with children check or police check.

Beneficiaries

More than half of all charities (59.4%) reported helping the general community within Australia. Charities whose main activities were environmental activities (84.2%) and religious activities (84.0%) were most likely to report helping the general community.

Among charities which reported helping specific groups, the most common groups helped were children (6–14 years) and youth (15–24 years).

Staff and volunteers

In 2016, Australia's charities employed almost 1.3 million paid staff, equivalent to approximately 10.6% of all employees in Australia.

A high proportion of staff employed by Australia's charities are engaged on a part-time (35.0%) or casual basis (27.0%). Larger organisations were more likely than others to employ full-time staff. Charities employed a mean number of 25 paid staff. However, just under half of all charities operated with no paid staff (49.6%).

Charities drew on the efforts of 2.9 million volunteers. The mean number of volunteers each charity engaged was 58. Charities who reported religious activities as their main activity engaged the most volunteers, followed by 'other education' activities and emergency relief.

Revenue and income

In 2016, charity revenue totalled \$142.8 billion. This was equivalent to a mean of \$2.8 million per charity. One per cent of charities accounted for over half (54.9%) of the sector's total revenue. Donations and bequests made up 7.3% or \$10.5 billion of all charity revenue. Donations and bequests were a source of revenue for 70.1% of charities.

Approximately half of all charities received revenue from government grants. Just under half of all charities (45.2%) received revenue from two out of three revenue sources (being government grants, donations and bequests, and other revenue).

Expenses

In 2016, charities spent a total of \$137.1 billion, with a mean expenditure of \$2.7 million per charity. Over half of all charity expense (55.0%) was employee-related expense (\$75.4 billion). One-fifth (21.9%) of all employee expenses were from charities whose main activity was higher education. Charities spent a total of \$6.7 billion on grants, of which 75.9% was for use in Australia and 24.1% for use outside Australia.

Financial status

The charity sector's aggregate net income was \$13.5 billion, representing a net income ratio of 8.9%. Net income ratios fluctuated between 2015 and 2016 for XS and S charities more than others. The charity sector has \$197.6 billion of total assets, with an asset ratio of 3.3, meaning that on average charities have three times more assets than liabilities. Current assets provide a more accurate picture of the resources a charity may have available to draw on if required, but figures are available only for charities with revenue over \$250,000.

The aggregated net current assets of these charities was \$15.0 billion.