

The Charity Passport and Online Portal - Australian Charities and Not-for-Profits Commission

Not for Profit Update

The ACNC Implementation Report

Not-for-profit organisations (**NFPs**) will be aware that the Australian government is currently implementing the new Australian Charities and Not-for-Profits Commission (ACNC) as the regulator for the NFP sector. The ACNC Implementation Taskforce has released an Implementation Report dated June 2012. The report deals with five key areas relating to the implementation process including:

- Registering entities
- Going online (the online portal)
- Helping charities and the public (guidance and education)
- The reporting framework (charity passport)
- Engaging with stakeholders

The Implementation Report confirms the following keys dates:

1 October 2012

The ACNC begins operation. For existing charities, their information will be transferred to the ACNC from the ATO as at 1 October 2012 (no need to re-register). New charities must register with the ACNC from this date.

1 July 2013

Annual information reporting begins via lodgement of the annual information statement (for the financial year 2012-2013). For the first year this is non-financial information only

The public online information portal will be accessible by July 2013.

1 July 2014

Financial reporting begins (for the financial year 2013-2014).

Who does this affect?

All not-for-profit organisations and charities.

Article Highlights

- The ACNC commences from October 2012.
- New charities must register with the Australian Charities and NFP Commission from 1 October 2012.
- Not-for-profit charities will commence annual reporting from July 2013.
- Not-for-profits can singularly satisfy their reporting obligations across all government departments and agencies via the ACNC.



The charity passport will contain certain information from the annual information statement, along with information from other sources such as registration details, data sourced from the ATO and other documents lodged with the ACNC. The public will only have access to certain parts of the charity passport via the online portal. Information from the charity passport (some of it confidential) will also be able to be accessed by government departments and agencies as part of their reporting requirements.

The focus of the ACNC during the establishment phase (until 2014) is to concentrate on charities (as opposed to other NFPs), *"with a view to minimising red tape and promoting public trust and confidence"* (Susan Pascoe, Head of the ACNC Implementation Taskforce). In this newsletter we focus on the charity passport and online portal, being two implementation features designed with these outcomes in mind. The charity passport and online portal will be of particular interest to NFPs due to the potential associated administrative and operational implications.

The Charity Passport

The charity passport is the name given to the ACNC's *"report once, use often"* reporting framework. This means that NFPs can expect to report once annually to the ACNC as a central repository of information, with the reported data being used, as required, by a range of government departments and agencies.

The passport will contain data from a range of sources including registration details, annual reporting, data sourced from the ATO and other documents lodged with the ACNC. The combined information from the reporting framework and registration process will meet base level corporate and financial reporting requirements for a number of Commonwealth government agencies. Grant acquittals will still require separate reporting, at least in the time being.

Charities will be able to lodge their annual information statements and financial reports online. Some data will be available to the public electronically on the "online portal". Some confidential data will only be available to pre-authorised departments and agencies.

The first annual information statements are due for lodgement after 1 July 2013 (for the 2012-2013 financial year) and for the first year will collect non-financial information only. The ACNC is encouraging charities to accompany reported data with narrative as a way of providing context. There are 3 tiers of reporting entities (small, medium and large). The following indicative non-financial reporting fields are mandatory for the medium and large tiers (some fields are optional for the small tier):

- *how did your charity pursue its main purpose in the last 12 months;*
- *how will your charity pursue its main purpose in the next 12 months (optional for small tier);*
- *who currently benefits from your charity's activities;*

Contact



Elizabeth Tylich
PARTNER

t: +61 8 9426 6700
e: etylich@jacmac.com.au



Emma Chinnery
SENIOR ASSOCIATE

t: +61 8 9426 6739
e: echinnery@jacmac.com.au



- *number of employees working for the charity (optional for small tier);*
- *number of volunteers who assisted the charity (optional for small tier);*
- *number of members of the charity.*

The first financial reports are not due for lodgement until after 1 July 2014 (for the 2013-2014 financial year). This is to allow more time for the ACNC Implementation Taskforce to consult with stakeholders. The consultations relate to the format, content and scope of financial reports (amongst other things).

Online Portal

The ACNC is establishing an online portal, being a searchable register of Australian charities registered with the ACNC. The online portal will be accessible from July 2013.

The information is intended to be of value to the public, donors, volunteers, prospective employees, funding agencies, academics and policy makers. Some confidential data will only be available to authorised government agencies. The public will be able to access:

- charities' governance structures, purposes, activities, contact details and annual reporting information;
- activities of a particular charity;
- information across a range of charities in order to assess their collective impact.

There is no fee for charities to use the portal. Charities will be able to logon and update their registration information, and also lodge reports and other documents.

It will be possible to apply for an exemption to the display of a charity's information, but exemptions will only be granted when a strong case is made. It is not intended that large numbers of exemptions will be granted.

AUSkey will be used as the online authentication tool. It can also be used to lodge reports with ASIC and state and territory revenue offices.

Implications for the NFP Sector

The long term hope for NFPs is that the charity passport will be sufficiently comprehensive so that NFPs can singularly satisfy their reporting obligations across all government departments and agencies. This is certainly a stated goal of the ACNC. Further, it is hoped that standardised financial reporting will be introduced across organisations.

However in the shorter term, there are concerns that the reduction in burden for NFPs will be incremental only, and that duplication may result instead. It is uncertain whether the charity passport will be recognised across all governments



and at all levels and if so, when this will occur. If the charity passport is not adopted across the board, then many NFPs will be burdened with additional reporting requirements. The burden will be higher if Federal and State/Territory financial reporting requirements are not harmonised.

In relation to the online portal, some NFPs have raised concern about how the public will use or interpret the newly available information, fearing that inaccurate comparisons will be made. The ACNC has undertaken to identify for the public the limitations of the data, particularly in terms of comparability between organisations.

In any event, the centralised repository of public information seems to have support as a step towards appropriate transparency and accountability. It is hoped that the online portal will prove valuable for research and policy development, by helping to better understand the work done by charities, their impact and the barriers faced in achieving their purposes.

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Contact Us

t +61 8 9426 6611 **f** +61 8 9321 2002 **e** jacmac@jacmac.com.au

a Level 25, 140 St Georges Terrace, Perth, Western Australia 6000
GPO Box M971, Perth, Western Australia 6843

www.jacmac.com.au