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**Contribution by the National Catholic Education Commission
Regulation of charities by the Australian Charities and Not-for-profits Commission**

Thank you for the opportunity to contribute to the ANAO audit of the Australian Charities and Not-for-profits Commission (ACNC). The National Catholic Education Commission (NCEC) is the representative body of Australia's Catholic schools. Working closely with the state and territory Catholic education commissions, the NCEC advocates for and influences policy at the national level on behalf of Australia's Catholic schools. All Australian Catholic schools, Diocesan offices and state and territory education Commissions are required to be registered with the ACNC and comply with ACNC reporting requirements.

The NCEC provides the following comments in relation to this audit.

1. Reducing the regulatory burden of charities and strengthening the sector
Not fit for purpose

Australian Charities Not-for-profits Commission (ACNC) one-size-fits-all approach is not fit-for-purpose for large and well-regulated charities. Non-government schools are not opposed to compliance requirements, only undue regulation. Regulation should be applied on a sector-neutral basis, which also includes all government schools. Government agencies should avoid reinventing the wheel when appropriate existing sector-neutral authorities are already regulating non-government schools.

Suitability of ACNC as a regulator for non-government schools

Regulatory and compliance processes required by the ACNC are not always fully streamlined with other Federal agencies and regulators. Non-government schools, like other heavily regulated sectors such as aged-care and universities already report to other state and federal regulators and agencies. The "one-stop-shop" intent at the inception of the ACNC has not been realized and the NCEC believes that insufficient progress has been made.

More effort should be undertaken by the ACNC to reduce red tape. Some of our commissions and other agencies have seen little or nil reduction in red tape.

Transitional Reporting Arrangements

In relation to the Catholic Education Commission of Victoria (CECV) and Catholic schools in Victoria, the NCEC is informed that long-term certainty in terms of reporting and compliance has not been forthcoming. Victorian Catholic schools are planning a strategic transition to accrual accounting in line with the implementation of the CECV's enterprise financial system. The current extension to the ACNC Transitional Reporting Arrangement is appreciated but this is concluding at the end of 2019 reporting year and all Catholic schools in Victoria will be required to report on an accrual accounting basis.

Non-government schools, under current arrangements with the Australian Department of Education and Training (AGDET) have the option to report under either cash or accrual methodology.

The NCEC is concerned that without certainty in Victoria about the Transitional Reporting Arrangements, schools may be required to change reporting methodology from the commencement of the next reporting period. It is recognized that this represents a red tape burden on schools, especially lower resourced Parish primary schools, which incur considerable costs in planning for and implementing any significant organisational change at short notice. Yearly updates and plans have been provided to ACNC by the CECV of its transition to an enterprise finance system in order to transition to accrual accounting.

Lack of proper consultative process

The CECV is the largest registered ACNC charity by revenue and recipient of government grant income in Australia. The NCEC suggests that additional regular consultation by the ACNC should be initiated with large stakeholders such as the CECV which could reduce the regulatory burden and strengthen the sector. The NCEC is informed that some registered charities such as small accounting practices and legal firms are provided with a greater opportunity to consult with the ACNC and receive updated information.

2. Registering charities and maintaining the Charity Register

Lack of standard approach and interaction between government agencies

The NCEC recommends that the registration of non-government schools should flow through AGDET and applicable state/territory regulators which have knowledge and understanding of school operations and regulations. An example is issues relating to the registration of new schools. The process is coordinated between federal and state regulators to cover appropriate compliance, funding and governance requirements before and after a school is registered. Being a Federal government agency, the NCEC suggests that the ACNC should consider collaborating with other agencies specific to the education sector which may enable schools to avoid costly duplication of effort.

Similarly, the above comments apply to school compliance information already provided to other regulators on separate government agency platforms. The current duplication takes away resources from investment in the mission of Catholic schools. Furthermore, the potential for confusion is compounded with different types and sets of information available to the public on

different platforms and registers. The NCEC suggests that the ACNC should consider examining the value of providing information specific to targeted audience groups. If this were to occur information could be specific to education, not a generic model of “one size fits all” charities financial data.

The NCEC believes that as schools of all sectors are required to provide sector-neutral financial information to the Australian Curriculum, Assessment and Reporting Authority (ACARA) and the Australian Department of Education and Training (AGDET), these agencies are best placed to provide and require expanded sector-neutral financial reporting. This information should follow Australian Accounting Standards and improve transparency and enable consistency of reporting.

3. Supporting charities to meet their ongoing compliance obligations

The ACNC through its various mediums of contact, is generally responsive and supportive of the Catholic school sector. In addition, the NCEC is informed that strong support is provided by the ACNC at the individual Diocesan level.

The NCEC would welcome the opportunity to meet with the ANAO to further discuss this audit and the above information.



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