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31 August 2012

Dr Ian Holland
Committee Secretary
Senate Community Affairs Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: community.affairs.sen@aph.gov.au

Dear Ian

**Inquiry into the Australian Charities and Not-for-profits Commission (ACNC) Bill 2012;
ACNC (Consequential and Transitional) Bill 2012; and
Tax Laws Amendment (Special Conditions for Not-for-profit Concessions) Bill 2012**

CPA Australia welcomes the opportunity to make a submission to the Committee's Inquiry. Our comments made in this submission are restricted to our consideration of the Australian Charities and Not-for-profits Commission (ACNC) Bill 2012 and the ACNC (Consequential and Transitional) Bill 2012.

CPA Australia is one of the world's largest accounting bodies and represents the diverse interests of more than 139,000 members in finance, accounting and business in 114 countries throughout the world. We are committed to making CPA Australia the global professional accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

At the recent House Standing Committee on Economics Inquiry into the Australian Charities and Not-for-profits Commission Exposure Draft Bills, CPA Australia's written submission and evidence given stated our support for the establishment of the ACNC to oversee the charities sector. On reviewing the two bills, our position is unchanged. Our submission and evidence to the House Committee highlighted the need for certainty about the law and regulations that would apply to charities and those charged with their governance. We note and welcome the increased certainty for charities and those charged with their governance that is the result of changes made to the earlier exposure draft bills.

Nonetheless, CPA Australia remains concerned that with the regulations incomplete, some charities may find it difficult to determine what if any new practices they will need to implement to enable them to lodge the financial report with the ACNC for the year ended 30 June 2014 and which must include comparative information for the year ended 30 June 2013. Importantly, the start date of the comparative year information was 1 July 2012.

Without the complete regulations, we suggest the Senate Community Affairs Legislation Committee recommend a further delay by 12 months to the commencement date of that part of the legislation to require charitable entities to lodge their financial report with the ACNC. Therefore, charities would lodge their financial report with the ACNC for the year ended 30 June 2015 and include comparative information for the year ended 30 June 2014.¹

¹ That said, we continue to support the requirements that a charitable entity lodge with the ACNC an annual information statement and the subsequent uploading of the statement.

Were the Senate Committee not supportive of a 12 month delay for all charities to lodge their financial report with the ACNC, CPA Australia offers some suggestions to the Senate Committee about how our concern about the consequences of incomplete regulations might be addressed through the transitional requirements. One approach is for the transitional requirements to allow charities to not include comparative information in their financial report lodged with the ACNC for the year ended 30 June 2014. A second approach is for the transitional requirements to allow charities to lodge with the ACNC for the year ended 30 June 2014 the financial report they are required to lodge under their enabling legislation.

For example, charities that are incorporated associations would lodge with the ACNC the report they are required to lodge with their state or territory regulator of incorporated associations. The second approach is not without its problems. For example, there may be no comparability between the information required by one state and that required of another. Further, the information required in some jurisdictions may not be "on the public record". Finally, this approach does not provide a solution for unincorporated charities.

If you require further information about our submission please contact Dr Mark Shying Senior Policy Adviser – External Reporting at CPA Australia via email at mark.shying@cpaaustralia.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alex Malley', with a stylized flourish at the end.

Alex Malley FCPA
Chief Executive Officer