



30 August 2012

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

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

Dear Sir/Madam

Inquiry into the Australian Charities and Not-for-profits Commission Bill 2012 and Australian Charities and not-for-profits Commission (Consequential and Transitional) Bill 2012

The Institute of Chartered Accountants in Australia (the Institute) welcomes the opportunity to provide input into the draft legislation which establishes the Australian Charities and Not-for-profits Commission (ACNC).

We support the government in its commitment to strengthening the NFP sector, including the establishment of the ACNC as an independent regulator. We are pleased to see some of our previous recommendations we have made addressed in this draft of the legislation.

However, in its current form we do not believe the draft legislation is ready to be passed through the Parliament. Two fundamental pieces of the NFP reform are not yet available for review or consultation – the governance requirements and the reporting framework. We consider that these requirements are integral to the reform process and should be made available before the legislation is passed by Parliament. These areas do have the potential to increase the burden on many charities, so it is important that they are clarified up-front and time given so their impact can be assessed appropriately.

We accept that as a consequence of this recommendation the start date of the regulator may need to be delayed. We consider a short delay (perhaps two to three months) acceptable. This should ensure the legislation supports the policy objectives outlined by the Government and results in effective legislation adequately supporting the needs of the sector, without unnecessary burden.

If the start date of the new regulator cannot be further delayed, we consider that transitional arrangements should be made to delay the timing of the annual reporting and governance provisions. Many entities that will require registration with the ACNC do not currently prepare annual reports to Commonwealth or State/Territory governments, so the ACNC requirements will result in additional obligations. Given the limited resources of charities, they will require twelve months notice of any changes to the reporting and governance frameworks. This takes into consideration changes that may be required to Constitutions, introduction of new reporting tools, the need for comparative information in annual accounts and systems required to generate appropriate accounting information.

Customer Service Centre
1300 137 322

NSW
33 Erskine Street
Sydney NSW 2000

GPO Box 9985
Sydney NSW 2001
Phone 61 2 9290 1344
Fax 61 2 9262 1512

ACT
L10, 60 Marcus Clarke Street
Canberra ACT 2601

GPO Box 9985
Canberra ACT 2601
Phone 61 2 6122 6100
Fax 61 2 6122 6122

Qld
L32, 345 Queen Street,
Brisbane Qld 4000

GPO Box 9985
Brisbane Qld 4001
Phone 61 7 3233 6500
Fax 61 7 3233 6555

SA / NT
L29, 91 King William Street
Adelaide SA 5000

GPO Box 9985
Adelaide SA 5001
Phone 61 8 8113 5500
Fax 61 8 8231 1982

Vic / Tas
L3, 600 Bourke Street
Melbourne Vic 3000

GPO Box 9985
Melbourne Vic 3001
Phone 61 3 9641 7400
Fax 61 3 9670 3143

WA
L11, 2 Mill Street
Perth WA 6000

GPO Box 9985
Perth WA 6848
Phone 61 8 9420 0400
Fax 61 8 9321 5141

Therefore we recommend including a transitional requirement deferring the application of the annual reporting and governance requirements until twelve months after the regulations are issued in their final form.

If you have any queries on our comments please contact Ms Kerry Hicks, the Institute's Head of Reporting via email at kerry.hicks@charteredaccountants.com.au.

Yours sincerely



Yasser El-Ansary
General Manager – Leadership & Quality
Institute of Chartered Accountants Australia