



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](mailto: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.

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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](mailto:kerry.hicks@charteredaccountants.com.au).

Yours sincerely



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