

1 March 2018
Principal Adviser
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT

Via Email ACNCReview@treasury.gov.au

Review of Australian Charities and Not-for-profits Commission (ACNC) legislation

I am pleased to provide Treasury with my views on the ACNC legislation. This submission reflects my position as a consultant to business including Not-for-Profits (NFPs), and their own advisers including auditors.

I am a strong supporter of the ACNC as I believe it has met its objectives as set out in the ACNC legislation, namely:

- maintain, protect and enhance public trust and confidence in the sector through increased accountability and transparency
- support and sustain a robust, vibrant, independent and innovative not-for-profit sector
- promote the reduction of unnecessary regulatory obligations on the sector.

My only caution to the ACNC is that it should guard against any pressure from other regulators and standards setters for more costly and complicated financial information that are not demanded by the users of those entities financial statements.

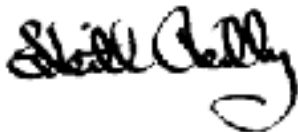
I continue to support the ACNC's practice of having just simplified Annual Information Statements for entities where revenues as defined under existing Accounting Standards issued by the Australian Accounting Standards Board (AASB) are less than \$250,000. This ensures that the small entities do not have significant compliance costs that reduce their scope for doing charitable or other NFP activities that they were established to do.

I also support the retention of the current reporting and non-reporting rules adopted by the ACNC so that medium and large charities have the decision as to the level of complexity of their Annual Reports determined by the directors (those charged with governance) of the respective entities.

To ensure that new or amended Accounting Standards such as AASB 15 Revenue from contracts with customers, AASB 1058 Income of Not-for-profit entities, and AASB 16 Leasing do not increase the revenue size test, I suggest that in determining the size of charities and their reporting obligations, they be set with existing ACNC requirements grandfathered as at 31 December 2017. Otherwise once these Accounting Standards come into force, and if there are other reporting changes made by the AASB in the future, a number of charities and NFPs will find that they have increased reporting requirements without any change in the size of their operations.

I am happy to provide further details on the impact that these Accounting Standards will have on ACNC entities and NFPs including the retention of the Reporting Entity Concept so that un-necessary compliance costs are not imposed which would be contrary to the reason that the ACNC was first established.

If you require any further information or comment, please contact me.

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

Keith Reilly
Financial Reporting Adviser
wally2088@hotmail.com
www.keithreilly.com.au