

Ms Brenda Berkeley
General Manager
Indirect, Philanthropy and Resource Tax Division
The Treasury
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PARKES ACT 2600

NFPReform@treasury.gov.au

Dear Ms Berkeley

Thank you for the opportunity to comment on the proposed Requirements for Annual Financial Reporting under the ACNC Framework.

UnitingCare Australia represents the network of UnitingCare community services operating nationally across more than 1300 sites in metropolitan, rural and remote Australia. Our network is one of the largest providers of community services in Australia and we make a strong contribution to the Australian economy by providing services to over 2 million people each year, with an annual turnover in excess of \$2 billion, employing 35,000 staff and 24,000 volunteers nationally. We employ a holistic approach to supporting individuals and communities to access the resources and opportunities needed to live a decent life. We partner with governments, other organisations, communities and people of goodwill.

UnitingCare Australia has been an active participant in the consultation processes for the establishment of the Australian Charities and Not-for-profits Commission (ACNC). We have been consistent in our position that the legislative framework underpinning the operation of the ACNC must respect the diversity of our sector; promote the ongoing accountability and transparency of the sector whilst simultaneously eliminating the unnecessary administrative, reporting, acquittal and compliance costs imposed by Government. These important principles have been enshrined within the Objects of the *ACNC Act* and are the parameters against which UnitingCare Australia has assessed the proposed annual financial reporting framework.

Accordingly we welcome this opportunity to contribute to the development of financial reporting requirements for not-for-profit (NFP) entities registered with the ACNC.

Our assessment has also been informed by the Council of Australian Government's recently published Regulatory Impact Assessment (COAG RIA) of potential duplication of governance and reporting standards for charities¹. The COAG RIA identifies that most of the proposed financial reporting framework, although not a duplication of existing regulation, will impose new and additional requirements on NFP entities registered with the ACNC which will result in additional costs for the entities themselves².

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<http://www.coag.gov.au/sites/default/files/COAG%20Regulatory%20Impact%20Assessment%20of%20Potential%20Duplication%20of%20Governance%20and%20Reporting%20Standards%20for%20Charities.pdf> accessed 29 January 2013

² Ibid p.53

Feedback from our network suggests that for the majority of UnitingCare agencies the information needed to meet the financial reporting requirements is already being gathered. At present that information is either available in published annual reports and/or is currently required by one or more Commonwealth and/or State/Territory government departments and/or agencies. However, what is evident to many agencies in the UnitingCare network is that, despite the Commonwealth Government's ongoing NFP reform agenda, departments and agencies have been slow to embrace the concept of "report once and use often" which frustrates one of the key objects of the *ACNC Act* - namely to reduce unnecessary red-tape.

While UnitingCare Australia accepts the need for registered entities to provide financial reports to the ACNC we believe that on this issue, in particular, the Commonwealth must deliver a tangible reduction in the reporting and information requirements placed upon charities prior to the introduction of this new ACNC reporting obligation.

As such we recommend that the Commonwealth, State and Territory governments act quickly on the findings of the COAG RIA and implement as soon as possible Option 4B³ whereby States and Territories enter into an agreement with the Commonwealth to accept that if the requirements of the ACNC in relation to governance and/or reporting are satisfied then the equivalent provision in State or Territory legislation will also be deemed to have been satisfied. Such an arrangement would deliver an immediate benefit to the sector; it would be an interim solution which would allow time for a more permanent solution to be negotiated.

Further in keeping with the principles of reducing red-tape we recommend that the financial reporting requirements should only be implemented following the introduction of leg new Commonwealth Grant guidelines as well as adequate progress in the development of the ACNC "Charity passport".

In summary, the reporting requirements themselves pose no significant concern to UnitingCare Australia and we agree that the information requested should be made available to the regulator. However, we believe that the information should be provided to enable the ACNC to also further the principle of "report once – use often".

In the meantime if you have any questions about our submission or the issues raised in this letter please contact our Director of Services Sustainability, Joe Zabar, on (02) 6249 6717 or joe.zabar@nat.unitingcare.org.au

Yours sincerely



Lin Hatfield Dodds
National Director

15 February 2013

³ Ibid p.49