

Level 13, 664 Collins Street
Docklands, VIC 3008

Level 1, 80 Monash Drive
Dandenong South, VIC 3175

Postal address
GPO Box 5193
Melbourne, VIC 3001

p. +61 3 8610 5000

18 March 2021

Thresholds Working Group
C/-Not-for-profit Unit
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
Parkes ACT 2600

Via email: Thresholds@treasury.gov.au

Dear Sir/Madam

SUBMISSION – INCREASING FINANCIAL REPORTING THRESHOLDS FOR ACNC-REGISTERED CHARITIES

We appreciate the opportunity to provide comment to the Threshold Working Group on the consultation paper *Increasing financial reporting thresholds for ACNC-registered charities* (the Consultation Paper).

Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network are full service firms and we are committed to high ethical standards across all areas of our practice. Our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, government entities, not-for-profit entities and small to medium sized enterprises.

Overall, we are supportive of the proposed increases to thresholds for ACNC-registered charities and we consider these reporting thresholds should be increased as soon as possible in order to reduce the regulatory burden for charities. However, we consider that all not-for-profit entities should benefit from the increased thresholds and therefore they should also apply consistently to all not-for-profit limited by guarantee companies under the Corporations Act. In addition, we have the following specific feedback in relation to the questions proposed in consultation paper:

1. Whilst we consider the proposed quantum of the thresholds suitable, we believe that the thresholds should be determined on a rolling three-year basis (i.e. average revenue for the current year and the preceding two financial years) as recommended by the Australian Charities and Not-for-Profits Commission Legislative Review 2018 (Review Report). This will accommodate short-term variances in revenue that inadvertently change the relevant tier of reporting on a one-off basis.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

An independent Victorian Partnership ABN 27 975 255 196. Liability limited by a scheme approved under Professional Standards Legislation.

Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

**bakertilly**
NETWORK MEMBER

pitcher.com.au

B J BRITTEN
J BRAZZALE
G M RAMBALDI
D A THOMSON
D A KNOWLES

M J LANGHAMMER
M C HAY
S SCHÖNBERG
S DAHN
P A JOSE

A R YEO
M J HARRISON
P W TÖNER
T SAKELL
G I NORISKIN

A T DAVIDSON
K L BYRNE
C D WHATMAN
S D WHITCHURCH
A E CLERICI

D J HONEY
G J NIELSEN
A D STANLEY
N R BULL
D C BYRNE

A M KOKKINOS
P B BRAINE
G A DEBONO
R I MCKIE
F V RUSSO

M R SONEGO
A T CLUGSTON
S J DALL
M G JOZWIK
D W LOVE

B POWERS
A SULEYMAN
K J DAVIDSON
D R DOHERTY
J L BEAUMONT

M DAWES
B A LETHBORG
M J WILSON
I CULL
B FARRELLY

A O'CARROLL
D BEDFORD
J MURPHY
T LAPHORNE
Y TANG

2. In order to allow for future flexibility in threshold amounts to adjust for inflation effects over time, we consider that the new thresholds should be prescribed in the ACNC Regulations and section 205-25 of the ACNC Act should be amended to remove references to the current threshold amounts. This comment was also included in the conclusions of the Review Report.
3. While ideally, consistent thresholds across Commonwealth and State/Territory governments would be preferred across the entire not-for-profit sector, we do not consider that delaying Commonwealth legislation for State/Territory legislation to catch up is essential. We consider the differences in thresholds across the not-for-profit sector is likely to create some confusion, but no more than currently exists. Therefore, we consider it important that the thresholds at the Commonwealth level (for charities and NFPs incorporated as limited by guarantee companies under the Corporations Act) should be implemented as soon as possible. A lead in time of six to twelve months should be adequate for the changes to be communicated and applied appropriately.
4. Regarding the concern expressed in the Consultation Paper regarding accountability and transparency for non-ACNC registered incorporated associations, we consider that any additional reporting requirements should be based on user needs and such user needs may not require the extent of reporting that charities undertake given that non-ACNC registered incorporated associations are unlikely to have donors and the extent of public interest that exists for charities. Further investigation into user needs for these types of organisations could be undertaken by Australia's academia community.
5. Regarding fundraising, we do not consider that there should exist duplicate reporting between different areas/level of government. Therefore, we consider that if additional fundraising specific information is required by a government department such information is requested through the ACNC Annual Information Statement and passed onto the relevant department. Where a fundraising organisation is not a registered charity, consistent information should also be required by these entities at a state/territory level.

Please contact Ms Kerry Hicks, Director – Technical Standards (02 9228 2272 or kerry.hicks@pitcher.com.au), in relation to any of the matters outlined in this submission.

Yours sincerely



K L Byrne
Partner



Kerry Hicks
Director, Technical Standards