



St Vincent de Paul Society
NATIONAL COUNCIL *good works*

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***Submission on Proposed Financial Reporting
Requirements***

Background

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 148 countries around the world. In Australia, we operate in every state and territory, with more than 50,000 members, volunteers, and employees, all committed to our work of social assistance and social justice. We are accountable to the people in our community who are marginalised by structures of exclusion and injustice.

On 17 December 2012, the government released an extract of draft regulations, and some explanatory material, on the new ACNC financial reporting framework. The Society's member states and National Council have consulted, and the Society welcomes the opportunity to contribute a submission. The Society has previously provided submissions on related issues.¹

Submission

The Society is supportive of the concept of having a consistent financial reporting framework for the not-for-profit sector, and agrees that there need to be different levels of reporting based on the size of the organisation to ensure requirements do not place unnecessary or inappropriate burdens on not-for-profit organisations. Generally, the Society does not believe that the reporting required will be any greater than what our entities already undertake in their annual reports, or as part of their ASIC requirements.

The Society is also supportive of the notion that most financial statements will still have to comply with the standards issued by the Australian Accounting Standards Board,² the ability for organisations to request Reduced Disclosure Requirements,³ and the broad categories of information that will need to be disclosed in the financial statements and the notes.⁴ The Society concurs with the ability for medium-sized organisations to have their accounts reviewed rather than audited.⁵

However, the Society believes the definition of “small”, “medium” and “large” not-for-profit organisations is not appropriate. Instead, “small” should be an organisation with an annual income of up to \$500,000; a “medium” organisation should have an income between \$500,000 and \$5 million; and a “large” organization would have a revenue over \$5 million.⁶

The Society believes that one critical issue is the possible duplication or conflicting requirements caused by not-for-profits providing information to Commonwealth, State and local agencies. The not-for-profit sector will be at risk of increased reporting costs if there is not consistency in the framework being adopted at all levels of government and for all government agencies. To this end, we are pleased with the suggestion that any report given to an Australian Government Agency

¹ See, for example, *Submission to the Standing Committee on Economics* (20 July 2012) (at vinnies.org.au/files/Submission%20-%20ACNC%20-%20St%20Vincent%20de%20Paul%20Society%20-%202020%20July%202012.pdf); *Submission to Treasury Review of Not-For-Profit Governance Arrangements*, (January 2012) (at vinnies.org.au/files/NAT/SocialJustice/2012/Submission-to-NFP-Governance-Review.%20final.pdf).

² Exposure Draft to the Regulations; Explanatory Material, 2.

³ Ibid 7.

⁴ Ibid 9.

⁵ Ibid 12.

⁶ Ibid 1.

(Commonwealth or State) may be considered by the ACNC Commissioner (“the Commissioner”) to meet the requirements.⁷ We ask this this discretion be broadly drafted.

The instances where the Commissioner may require entities to provide additional information (page 10) should be limited to a discrete set of circumstances, including where the information provided does not meet the accounting standard, or where the Commissioner suspects that an entity has contravened the *ACNC Act (Cth) 2012*. Providing for a general authority to require information indiscriminately may result in additional administrative costs being incurred by not-for-profits, and should be avoided.

Dr John Falzon
Chief Executive Officer

⁷ Ibid 11.