



8 APRIL 2014

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

ACNC REPEAL BILL

Senators

I write in support of the ACNC being retained as the national regulator of not-for-profits and charities. I must say I am personally quite sceptical of new government initiatives, but in this case I consider this body's creation as a boon, not a hindrance. A win-win, for government and the NFP sector.

Incredible Ltd was established in August 2012 as a company limited by guarantee. As such it was registered under ASIC statutes and regulations. From there it was quickly registered as a charity by ACNC, and then seamlessly registered as DGR / PBI under taxation statutes via the ACNC. Very user friendly team I recall from the time.

We have lodged only the one quite simple report to ACNC. As our initial operating year was small our reporting requirements were modest indeed. The FY2014 reporting will show us as a large entity for reporting purposes and our reporting statement will be more involved.

Either way my reporting to my fellow directors and members is unchanged, because ASIC reporting requirements demand strict financial and company governance and detailed reporting. Our books are audited annually accordingly.

In my opinion the reporting requirements of ACNC are a blip, a minor aside in a world of government interference in business and the community. Incredible does not have reporting requirements to the State of Queensland, but if I recall it the reporting regime there for not-for-profits was inadequate and cursory at best.

I applaud the ACNC for its softly-softly approach to the oversight of the charity sector, and for its active pursuit of those masquerading as Charities. I am well aware it is staffed by many people who are either seconded from or who are ex-ATO, but it has a different mission. This has the effect on charities such as mine that we are dealing with someone who will assist us (ACNC) and not with someone who is out to prove we don't deserve the breaks we get (ATO). Good cop / bad cop, if you will.

Charities receive commonwealth tax benefits, it makes all the sense in the world for the commonwealth to regulate and monitor them. There are a lot of charities but even more not-for-profits that are not charities. We have had many different claims of the size of the NFP sector and its economic impact. The ACNC is the perfect vehicle to calculate that economic impact. Clearly the states have failed to do so to date, it is therefore incumbent on the commonwealth government to do so.

Having the ACNC focus on charities initially will have at least gained some national data on this part of the NFP sector, so that at last the effect of the tax concessions can be measured. For our part, Incredible Ltd provides employment and on-the-job training for disabled and disadvantaged jobseekers. I am very proud to say we have some 24 people on the payroll, mostly in part time roles (as that is all many can do), and we have an annual wages / on-costs budget nudging the \$1m mark.

I have offered these views to the PM and Minister Andrews but have had no response. I must therefore conclude this is an ideological thing with this government. I think that is a pity for, in my opinion, eliminating the multiple inadequate and disparate state reporting requirements would be a far better move. Certainly all the large national charities would have to share that view.

Abolition or emasculation of the ACNC is yet another backward step for the sector, a positive step taken by the R-G-R governments after extensive consultation with and agreement by the sector. This government has had no such consultation and is moving contrary to the wishes of the sector. As a conservative voter I am pretty disillusioned with their "idillogical" outlook.

In summary, I think the ACNC needs to be retained –

- To provide a user-friendly interface between government and the sector
- To provide a national register for all things charity and NFP
- To minimise and standardise reporting
- To better engage the sector for delivery of government services

I live in hope ASIC might also one day use the ACNC reporting so it all becomes seamless, but unhappily I suspect that little piglet won't ever get off the ground.

Yours in hope

Bernie Scott
MANAGING DIRECTOR