

Submission to the Australian Government on Exposure Draft – Australian Charities and Not-for-Profits Commission Bill'

Micah Projects would like to offer this submission to be considered in addition to the response to the consultation paper on 'Review of Not-for-Profit governance arrangements'.

Micah Projects supports the move to national regulation and notes the exposure draft legislation outlines the purpose of the Act and the role and regulatory powers of the soon to be established ACNC and Charities Commissioner.

Micah Projects is a community based not-for-profit organisation operating as an incorporated association. We provide a range of support and advocacy services to individuals and families. Micah receives a range of support and concessions including from State and Federal Governments. Micah Projects' turnover for 30 June 2011 was \$10,168,012. Twenty-nine recurrent grants from the state represented 84% of the turnover with 6% being non-recurrent grants from both state and federal government. Income from donations were 3% of total turnover and other income from PBI benefits (salary sacrifice savings) was the equivalent of 2% of total turnover.

In terms of 'Process of registration' it would be beneficial to know if a change in legal status will be possible under the new arrangements for example an incorporated association changing to a company limited by guarantee. Additional information in the fact sheets would be helpful.

The new definition of 'charities' yet to be released might impact on the operations of some NFPs if registration is affected. What would this mean for currently registered NFPs? Would they have to meet additional requirements? Additional information and guidance on this topic will be helpful.

The organisation has some concerns about the regulatory powers of the ACNC – which will include a penalty system, warnings system, suspension and removal of responsible individuals.

The organisation agrees that the largest function of the new ACNC and Charities Commissioner should be education and training and believes that national regulation will only succeed if education and training are prioritised over penalisation. Education and training must be coupled with flexibility to ensure all NFPs regardless of size or business aptitude are able to access their entitlements to government concessions and are not formally penalised because of a lack of knowledge or

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constraints on ability to adhere to additional obligations. This educative role should be more heavily emphasised in the outlined 'Functions of the Commissioner' in the legislation.

The training and information provided must be robust, responsive and relevant to the everyday operating environment of NFPs. For example applying learnings from the impact of GST implementation on the sector.

Any documentation, such as registration directions must be accessible and easily understood.

New reporting requirements, such as the annual information statement and financial report will need to be clearly linked to existing reporting requirements with explicit transitional arrangements. It is currently not clear how this annual financial report will intersect with the new SCOA. For example will SCOA accounting categories be easily captured to meet the new annual financial report requirement? Information in the reporting fact sheet would be helpful.

Micah Projects already has significant reporting requirements and although the organisation supports a move to a 'one-stop-shop' regulator transitional arrangements must always be clearly communicated and remain very flexible to ensure NFPs can continue to meet their objectives without an additional red tape burden, until States and Territories are on board. The sharing of information across State and Federal requirements would make a significant impact on the working environment of NFPs. Micah would like to note that any central regulation and associated reporting requirements should always remain proportionate to the risks posed by the NFPs activities.

Micah Projects will provide further comments in regards to reporting requirements and education in the submission to government on 'Implementation Design', due 27 February.

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