



Australian Government

Office of the Registrar of Indigenous Corporations

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30 March 2023

Dr Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

Dear Dr Kendall

Submission to Discussion Paper – Development of simplified accounting requirements (Tier 3 not-for-profit private sector entities)

As the federal regulator of more than 3,200 Indigenous corporations, most of which are community-controlled not-for-profit entities, thank you for the opportunity to comment on the above discussion paper.

I do not propose to comment on each of the discussion paper's questions. However, I will offer a general comment and comment on a small number of specific questions relevant to corporations registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*.

Overall comment

I support the Board's efforts to revise the differential reporting framework for use by not-for-profit private sector entities. In my view, the Board's efforts are an appropriate response to the challenge experienced by smaller entities with less complex transactions and events in preparing financial reports in accordance with Australian Accounting Standards.

Indigenous corporations that are required to prepare a financial report for a financial year must prepare a financial report by applying all Australian Accounting Standards capable of applying to the corporation's financial transactions and events, whether the corporation is, or would be regarded as, a reporting entity for the purposes of the standards. Reducing the complexity and cost of preparing financial reports that comply with Australian Accounting Standards will reduce the burden of financial reporting and promote quality, consistency and comparability of financial statements.

Comments on specific questions**Question 1**

I agree with the Board's view that it should not develop 'reporting thresholds' to specify which reporting tier a not-for-profit private sector entity must, at a minimum, comply with in preparing financial statements. I note, and endorse, the Board's view that establishing appropriate financial reporting thresholds is properly the responsibility of relevant legislation or regulatory authority.

Question 2

I agree with the Board's view not to develop proposals for reporting service performance information as part of this project.

Question 6

I agree with the Board's proposal to introduce a simpler further reporting tier (Tier 3) for not-for-profit private sector entities that are required to prepare financial statements complying with Australian Accounting Standards.

Question 9

I agree with the Board's view to specify the Tier 3 reporting requirements in a single stand-alone standard that expresses accounting requirements in a manner easily understood by preparers and users who do not consider themselves "accounting experts".

If you have any questions about this submission or wish to discuss it further, please contact Benjamin Murray at Benjamin.murray@oric.gov.au.

Yours sincerely



Tricia Stroud

Registrar of Aboriginal and Torres Strait Islander Corporations