



Australian Accounting Standards Board

standard@asb.gov.au

24 February 2025

Re: Simplifying Australia's Not-for-Profit Financial Reporting Framework

The National Association for the Visual Arts (NAVA) welcomes the opportunity to respond to the proposed simplification of the financial reporting framework for not-for-profit (NFP) organisations in Australia.

NAVA is a not-for-profit membership organisation which brings together the many voices of the contemporary arts sector to improve the fundamental conditions of work and practice. We do this through advocacy, education and the Code of Practice for the Visual Arts, Craft and Design. Our community is made up of over 50,000 Members, subscribers, friends and followers, including numerous arts organisations, many of which are NFPs of varying size and structure.

NAVA acknowledges the intent of Exposure Drafts 334 and 335 to create consistency in financial reporting and to simplify compliance for smaller not-for-profit entities. NAVA supports the creation of a more accessible and equitable reporting framework that reduces administrative complexity while maintaining accountability and transparency.

For organisations that already prepare General Purpose Financial Statements (GPFS), transitioning to Tier 3 GPFS may provide welcome flexibility through a more manageable reporting framework.

However, for organisations currently preparing Special Purpose Financial Statements (SPFS), the proposed changes may result in increased complexity, both in the short and long term. Higher compliance costs and greater administrative demands could disproportionately affect small to medium (S2M) arts organisations, particularly those that rely on in-house financial management, board oversight, or volunteer contributions. The sector already faces significant financial and operational precarity, and additional reporting burdens could make these challenges even more difficult to manage.

To ensure that these reforms genuinely improve financial reporting for the arts sector, NAVA recommends:

1. A genuinely simplified reporting option under Tier 3 GPFS

- Tier 3 GPFS should be meaningfully simplified, ensuring that small not-for-profit entities can meet compliance requirements without undue administrative burden.
- Reporting frameworks should align with existing sector practices and commonly used accounting systems (e.g., MYOB, Xero) to facilitate a seamless transition.

2. A phased transition period of at least 3 years

- Small organisations must be given adequate time to adjust to the new requirements. A minimum three-year transition period will allow entities to build capacity, access necessary resources, and implement compliance measures without disrupting core operations.

3. Accessible, no-cost training and support

- Government-funded resources, training, and practical tools (e.g., templates, sample reports, and software integration guidance) should be provided to ensure that small organisations can comply without incurring excessive costs.
- Sector-specific guidance should be developed in collaboration with arts organisations to address their unique needs.

By adopting a considered and well-supported approach, the proposed framework can genuinely simplify financial reporting for NFPs while preserving the viability of small arts organisations.

NAVA appreciates the opportunity to contribute to this important consultation and remains available for further discussion. Please do not hesitate to contact us for any further information we can provide.

Sincerely,

Penelope Benton
Executive Director

Holly Morrison
Finance and Operations Coordinator