



SENATOR URSULA STEPHENS

PARLIAMENTARY SECRETARY FOR SOCIAL INCLUSION AND THE VOLUNTARY SECTOR

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NOT FOR PROFITS TO BENEFIT FROM RED-TAPE CUT

The administration of not for profit organisations will be easier and more efficient because of a new bill introduced this week by the Minister for Financial Services, Superannuation and Corporate Law, Chris Bowen MP.

Parliamentary Secretary for Social Inclusion and the Voluntary Sector, Senator Ursula Stephens, welcomed the bill saying that it was another example of the Government working to tackle the administrative challenges faced by Australia's not for profit organisations.

"The recently signed National Compact with Australia's third sector commits the Government and the sector to a more open, productive and respectful relationship.

"Part of this new relationship involves reducing barriers to efficiency and lowering the administrative burden on critical community organisations." Dr Stephens said.

The Corporations Amendment (Corporate Reporting Reform) Bill 2010 will improve Australia's corporate reporting framework, benefiting many of the more than 700,000 third sector organisations in Australia.

"The Government is very mindful of the regulatory burden facing Australian companies. That is why the Government has taken action to improve Australia's corporate reporting framework and reduce unnecessary red-tape.

"This will allow Australia's incorporated not for profits to more easily do their vital work, supporting our communities and most vulnerable Australians." Dr Stephens said.

The package of reforms will deliver much-needed relief from red-tape and implement a number of other important refinements to Australia's corporate regulatory framework.

The key measures include:

- Significantly reducing the regulatory burden on companies limited by guarantee, which typically have a not for profit purpose, by introducing a three-tiered differential reporting framework;
- Streamlining parent-entity reporting;
- Providing greater flexibility for companies to pay dividends, by replacing the profits test with a solvency-type test; and
- Allowing companies to more easily change their year-end date to minimise the burden on companies and their auditors during peak reporting periods.

The reforms will also implement refinements to the regulatory framework, including:

- Improving disclosure of non-financial information in the directors' report;
- Refining the statement of compliance with International Financial Reporting Standards contained in the directors' declaration; and
- Clarifying the circumstances in which a company can cancel its share capital.

Dr Stephens said the Australian Government recognises that not for profit organisations come in many shapes and sizes.

“This bill will help to support already incorporated not for profits and importantly encourage social enterprise, by reducing regulatory barriers to setup and operation.”

For more information about the National Compact and the new relationship with Australia's third sector, visit <http://www.nationalcompact.gov.au>

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