Date Introduced: 8 May 1985  
House: House of Representatives  
Presented by: Hon. Lionel Bowen, M.P., Deputy Prime Minister and Attorney-General

**Short Digest of Bill**

**Purpose**

To amend the Companies Act 1981 (the Principal Act) with a view to implementing changes relating to the compilation and lodging of annual returns by companies.

**Background**

Concerted efforts were made under the previous and present Governments to achieve a lasting and adequate system of national uniformity of laws in the area of companies and securities. In July 1976 the then Minister for Business and Consumer Affairs, Mr Howard, announced basic initiatives for the setting up of a Federal/State cooperative scheme for the regulating of the companies and securities industry. After protracted negotiations between the Commonwealth and the States, final agreement was reached on 22 December 1978 and the Co-operative Companies and Securities Scheme (CCSS) was established.

The formal Agreement executed by the Commonwealth and all the States covers the relevant law operating in the six States and the Australian Capital Territory. The agreement provided, among other things, that the Commonwealth would enact general companies and securities legislation in relation to the ACT. Each State was to then pass applicable legislation to implement the provisions of the Commonwealth enactment. Consequently, if the present Bill is passed it will have the effect of automatically amending the corresponding State companies' legislation.

The agreement also established the Ministerial Council which comprises Ministers of the Commonwealth and the six States. It is to this Council that the National Companies and Securities Commission (NCSC) recommends legislative changes.

In January 1985, the Ministerial Council floated for public comment, an amendment to the Companies Act
concerning the introduction of a shorter form of annual return. The amendment proposal consisted of four elements:

- the introduction of a new annual return form;
- the inclusion of key items of financial information in an annual return;
- the exemption of certain proprietary companies from lodging their accounts and other documents with an annual return; and
- the reduction of time-limits for lodging returns with State and Territory Commissions.

While the proposal was generally well received, some reservations were expressed about reducing the time-limits for lodging annual returns, and the requirement that all companies should disclose key financial information. After considering the public submissions, the Ministerial Council decided to implement measures which included:

- retaining existing time-limits for lodging annual returns; and
- continuing the present practice of exempting proprietary companies who appoint an auditor, from providing any financial information.

Outline and Main Provisions

A detailed analysis of the provisions of the Bill are contained in the Explanatory Memorandum.

The Bill endorses amendments agreed to by the Ministerial Council for Companies and Securities set up under the agreement.

The Bill amends section 263 of the Principal Act by inserting a new sub-section 263(1). Under the new provision, a company will need to lodge an annual return with the NCSC at any time between the end of the financial year of a company and the end of one month from the day the annual general meeting (AGM) is held. If no AGM is held within the period specified in section 240 of the Principal Act, then the one month period will run from the last day of the period within which an AGM should have been held under section 240 (sub-clause 4(a)).

The new section retains for most companies, the present maximum time-limits for lodging returns. It will
require companies which maintain a branch share register outside Australia to lodge an annual return within the same time allowed for other companies. At present, these companies are allowed an extra 2 months to lodge a return.

The Bill also empowers the NCSC to serve on a company a partly completed annual return compiled with information previously supplied to the NCSC. Upon receipt of such an annual return, the company may delete any incorrect particulars and insert the correct information. The company then must complete and lodge the return with the NCSC (sub-clause 4(a)).

The Bill also inserts a new section 265A in the Principal Act which provides that where a company should have lodged a document with the NCSC giving details of changes in company officers, registered office, number of shares issued etc., those documents will be deemed to have been lodged with the NCSC, if the particulars included in them are contained in the company's annual return (clause 7).

The NCSC may, by written notice served on the company, require that company to lodge any relevant company documents with the NCSC (clause 9).

Remarks

The introduction of the Bill will mean a reduction of the regulatory burden on the business community by the introduction of a more streamlined annual reporting system for most companies. A further benefit comes from the fact that the reduction of information required to be included in and annexed to an annual return will better satisfy the requirements of people searching company records.

For further information, if required, contact:

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30 May 1985

References
