



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

COMMITTEES

Economics Committee

Report

SPEECH

Wednesday, 15 August 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Owens, Julie, MP

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Ms OWENS (Parramatta) (13:41): On behalf of the Standing Committee on Economics, I present the committee's report, incorporating a dissenting report, on the exposure draft of the Australian Charities and Not-for-profits Commission bills 2012, together with the minutes of proceedings.

In accordance with standing order 39(f), the report was made a parliamentary paper.

Ms OWENS: by leave—The bills will establish an independent national regulator for the charities and not-for-profit sector. The not-for-profit sector plays a major role in Australian society. It comprises 600,000 entities that provide services in education, sports, welfare, arts, religion, culture and community wellbeing. The sector plays a major role in the Australian dollar economy. Even excluding where the sector charges a fee for service, it comprises \$40 billion annually. Adding revenues for fee for service brings the sector up to \$100 billion annually. It contributes five per cent of Australia's GDP and eight per cent of employment.

The Australian Charities and Not-for-profits Commission will become a one-stop shop. Charities and not-for-profits will provide streamlined information to the commission, which will determine their charitable status and pass on officially required data to other Commonwealth agencies, including the tax office. It will implement flexible, proportional regulation in accordance with an entity's size and through graduated enforcement powers, such as warnings and enforceable undertakings.

These bills have been a long time coming. The current regulatory framework for the sector is fragmented, inconsistent and uncoordinated across a range of government agencies. It meets neither the sector's needs nor those of the wider community. A national regulator for the sector was first proposed in 2001 and has been a consistent theme in reviews of the sector since then. Charities and not-for-profits have been subject to an inefficient regulatory framework spread across many agencies and more than one level of government. The bills offer a way to remedy this. The sector itself supports the change. Bodies in the sector must prove their bona fides each time they deal with government and they anticipate the day when this information is located in one easily accessible place.

Broadly, the committee covered three major policy areas in the inquiry. The first is the capacity of the commission to reduce red tape. Some in the sector were concerned about reporting and governance standards and how the commission's requirements would interact with those of other state and federal bodies. Given the red tape burden that the sector currently faces, it is understandable that there is some scepticism along with the hope. However, work has really begun. The Commonwealth is seeking to turn off any duplication such as reports to the Australian Securities and Investments Commission or other Commonwealth agencies. It is also discussing whether states and territories might wish to do the same with their associations legislation to the extent that these organisations are covered by the bills. This is a long-term project but the committee is confident that there will be immediate benefits and substantial improvement over time.

The committee has made a number of recommendations in response to sector concerns. Firstly, we have recommended that the objects of the Australian Charities and Not-for-profits Commission Bill 2012 explicitly include the reduction of red tape. Secondly, we have sought to increase flexibility for the commission and the sector as they negotiate their way through the process of rationalising reporting and reducing red tape, and we have recommended allowing the commission to accept reports and materials from other agencies for a limited time. We have also recommended providing additional flexibility by allowing for selected existing and sector developed governance standards to be incorporated into the bill by regulation. In the area of liability of directors, trustees and management committees, we have recommended redrafting of the provisions for clarity. We have also made changes relating to procedural fairness and recommended a review after a five-year period. I commend the report to the House.

Debate interrupted.