

EXPLANATORY STATEMENT

Issued by authority of the Assistant Treasurer

Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012

Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016

Section 4 of the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* (the Transitional Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Transitional Act to be prescribed, or necessary or convenient to be prescribed, for giving effect to the Transitional Act.

The purpose of the Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016 (the Regulation) is to reduce the regulatory reporting burden on certain not-for-profit entities (registered entities) under the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act) by extending the application of transitional provisions to the 2015-16 and 2016-17 financial years. This is part of a 'report once, use often' framework, intended to reduce regulatory duplication and compliance costs for registered entities.

Under the ACNC Act (Division 60), registered entities are subject to reporting requirements which are generally proportionate to the size of the entity. For example, section 60-5 requires all registered entities to provide the Commissioner with an annual information statement, while Subdivision 60-C requires only medium and large entities to provide additional annual financial reports.

Part 4 of Schedule 1 to the ACNC Transitional Act provides for transitional arrangements with respect to reporting. Item 10 provides that the Commissioner may treat a statement, report or other document given under an Australian law to an Australian Government agency by a registered entity as satisfying certain reporting obligations under the ACNC Act. In exercising this power, the Commissioner must have regard to the matters listed in subitem 10(2), such as the steps taken to verify the information in the statement, report or document.

Subitem 10(4) of the ACNC Transitional Act specifies the financial years to which item 10 applies, and paragraph 10(4)(d) provides for regulations to prescribe any financial years later than the 2014-15 financial year.

The Regulation prescribes the 2015-16 and 2016-17 financial years for the purpose of paragraph 10(4)(d) of the ACNC Transitional Act. This extends the application of item 10 of the ACNC Transitional Act to include those financial years.

The Regulation has a negligible compliance cost impact because it maintains the status quo.

The Regulation was not released for public consultation as it maintains current arrangements reducing the compliance burden. Stakeholders requested the extension of the concessional reporting requirements to the ACNC and are expected to welcome the making of this Regulation because it maintains currently reduced duplication of reporting requirements.

The Act specifies no conditions that need to be met before the power to make the Regulation may be exercised.

The Regulation is a legislative instrument for the purposes of the *Legislation Act 2003*.

The Regulation commences on the day after it is registered on the Federal Register of Legislation

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) details the reporting requirements applicable to registered entities.

Part 4 of Schedule 1 to the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* (ACNC Transitional Act) provides for transitional arrangements with respect to reporting. Item 10 provides that the Commissioner may treat a statement, report or other document given under an Australian law to an Australian Government agency by a registered entity as satisfying certain reporting obligations under the ACNC Act. Under subitem 10(4), this arrangement applies for the 2012-13, 2013-14 and 2014-15 financial years, or any later year prescribed by regulations.

This Legislative Instrument prescribes the 2015-16 and 2016-17 financial years for the purposes of subitem 10(4), thus extending the application of the transitional provisions to those financial years.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.