

DRAFT SECOND READING SPEECH

HON. ADAM BROOKS MP

Associations Incorporation Amendment Bill 2016

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Madam Speaker, I move that the *Associations Incorporation Amendment Bill 2016* be read a second time.

Over the last five decades, the role and size of the non-profit sector has increased significantly, with many Tasmanian non-profit organisations now incorporated under the *Associations Incorporation Act 1964*.

The Associations Incorporation Act has facilitated the incorporation of more than 10,000 Tasmanian non-profit associations since its inception.

Tasmanian incorporated associations that are also defined as charities can be registered under the Commonwealth's *Australian Charities and Not-for-profit Commission (ACNC) Act 2012*.

Registration under the ACNC framework provides various benefits to an incorporated association; for example, in relation to certain tax concessions or being able to apply for various grants programs.

However under the ACNC, there are currently similar financial reporting requirements for both State and Commonwealth not-for-profit incorporated associations.

This situation results in Tasmanian incorporated associations that are registered and lodge financial statements with the ACNC also submitting these same statements to the Commissioner for Corporate Affairs, the Regulator under the *Associations Incorporation Act*.

This duplication creates unnecessary administrative and regulatory burdens on many charitable organisations, which is why this Bill seeks to remove this requirement.

The Commissioner for Corporate Affairs will still be able to request a copy of a financial statement from the ACNC if they are required by the Commissioner for any reason, providing an important safeguard for these organisations and the community.

The result of this amendment will mean that 1300 charities will no longer have to submit these reports to the Commissioner for Corporate Affairs in Tasmania, which is a great result for these organisations and a real example of this Government's strong commitment to cutting unnecessary red tape.

In addition, this Bill amends the *Associations Incorporation Act* to align the reporting requirements of Tasmanian incorporated associations with those imposed under the ACNC Act.

This Bill harmonises these provisions by introducing an audit report exemption for Tasmanian incorporated associations registered under the ACNC framework, and also for Tasmanian incorporated organisations with annual revenues below \$250,000, which is in line with the “small charities” exemption provided under the ACNC Act.

Currently in Tasmania there is a need for incorporated associations to undertake financial audits and submit audited statements regardless of the size of the organisation, although very small organisations with less than \$40,000 in annual revenue and less than \$40,000 in total assets can currently apply for an exemption.

Under the amendments by this Bill, incorporated associations with less than \$250,000 annual revenue will still be required to prepare annual financial reports and submit these to the Commissioner if they are not registered under the ACNC framework.

However, these financial reports will not need to be accompanied by an audit report.

These amendments will therefore result in approximately 3000 incorporated associations in Tasmania no longer being required to undertake audits as part of their reporting obligations to Consumer Affairs and Fair Trading.

Madam Speaker, this amendment not only aligns us with the ACNC, it also removes a burden from these not for profit organisations which for most is nothing short of a high cost checking exercise.

In particular, it is not easy for small associations to account for money in a way that complies with the Australian Accounting Standards, and as a result nearly all audit reports submitted to the Commissioner come with a rider of some sort which says that the financial report is not in accordance with the standard.

This often results from internal practices such as mum and dad volunteers purchasing goods for the association with personal funds and then being reimbursed in cash, which do not comply with the standard.

The changes proposed by this Bill support the Tasmanian Government's commitment to reducing the regulatory burdens on the Tasmanian Community.

Madam Speaker, I commend the *Associations Incorporation Amendment Bill 2016* to the House.