

5 January 2012

## Not-for-profit e-alert

# Review of not-for-profit governance arrangements

As previously advised, the Government is introducing significant changes to the not-for-profit sector including the establishment of the Australian Charities and Not-for-profits Commission (ACNC), due to commence on 1 July 2012. As part of that process, the Government is currently consulting on what the core organisational governance principles applying to all entities that are registered with the ACNC should be.

### Background

On 8 December 2011, Treasury released its consultation paper concerning the development of governance arrangements for entities that are registered with the ACNC.

The consultation paper is available at:

<http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=2252>

The consultation process is intended to lead to the development of high-level principles-based mandatory requirements for all entities that are registered with the ACNC.

While those principles-based rules would apply across the sector, the level of regulation is intended to be proportional to:

- the size of each entity;
- its turnover;
- the risks it presents by virtue of its activities; and
- the level of government support that it receives.

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The governance issues discussed in the consultation paper are:

- setting the duties and minimum standards of responsible individuals, including rules for proper organisational management and running of the entity;
- disclosure requirements and managing conflicts of interest;
- risk management including insurance requirements;
- minimum requirements for an entity's governing rules; and
- relationships with members (including dispute resolution mechanisms).

### Next steps

If you would like to be involved in shaping these high-level principles-based mandatory requirements, we encourage you to make a submission. Treasury has invited interested parties to submit their comments about the reform by 20 January 2012.

You are welcome to consult us in relation to any submission you may wish to make. Or, if you have any questions about the proposed not-for-profit governance arrangements, please contact us.