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## **Productivity Commission report on not-for-profit sector recommends administration through ASIC**

The Productivity Commission's (PC) research report on the contribution of the non-for-profit (NFP) sector in Australia has been released by the government. Among other things, the report recommended that a separate chapter be included in the *Corporations Act 2001* on not-for-profit companies limited by guarantee. The PC also recommended that the Act include rules on the disposal of assets by entities in the NFP sector.

In recognition of the complex regulatory framework faced by NFPs, the PC advocated the establishment of the consolidation of relevant regulatory functions within a new national Registrar for Community and Charitable Purpose Organisations. This registrar may eventually become an independent statutory body but the PC advocated its initial establishment within the Australian Securities and Investments Commission (ASIC).

The PC recommended oversight of NFPs by ASIC, rather than by the Australian Taxation Office, even though NFP entities receive concessional tax treatment. To continue to receive concessional treatment, the PC considered that NFPs should annually submit a community purpose statement which would be made public.

The report considered that information requirements imposed on NFPs for funding and evaluation are poorly designed and burdensome. Further, the PC also considered that the current regulatory framework for the sector is complex, lacks coherence, transparency, and is costly to NFPs.