

EXPLANATORY STATEMENT

Select Legislative Instrument 2012 No.

Issued by authority of the Parliamentary Secretary to the Treasurer

Corporations Act 2001

Corporations Amendment Regulation 2013 (No.)

The proposed *Corporations Legislation Amendment Regulation 2013 (No.)* will:

1. Change references to the National Institute of Accountants (NIA) to the Institute of Public Accountants (IPA) in the Commonwealth Regulations.
2. Insert various remuneration disclosure requirements into the Commonwealth Regulations.
3. Remove references to the Financial Reporting Panel (FRP) from the Commonwealth Regulations.

Name change of the National Institute of Accountants (NIA) to the Institute of Public Accountants (IPA)

The NIA rebranded to the IPA in 2011. As one of the three legally recognized professional bodies for accountants in Australia, the NIA appears in the Commonwealth Regulations, particularly in reference to educational requirements for certified accountants.

The *Corporations Legislation Amendment Regulation 2013 (No.)* will amend a number of Commonwealth regulations to reflect the name change of the NIA to the IPA. Amendments will be made to the following Regulations to give effect to this change:

- *Australian Securities and Investment Commission Regulations 2001*
- *Corporations Regulations 2001*
- *Corporations (Aboriginal and Torres Strait Islander) Regulations 2007*
- *Corporations (Fees) Regulations 2001*
- *Fair Work (Registered Organisations) Regulations 2009*
- *Statutory Declarations Regulations 1993*
- *Occupational Superannuation Standards Regulations*
- *Superannuation Industry (Supervision) Regulations 1994*

Disclosure requirements to be withdrawn from the accounting standards

In July 2011, the Australian Accounting Standards Board (AASB) announced the withdrawal of certain disclosure requirements contained in the accounting standards, with effect from 1 July 2013. The AASB will remove, among other things, the requirements contained in clause 'Aus 29' of AASB 124 *Related Party Transactions*, which requires disclosure of certain transactions with, and remuneration paid to, key management personnel (KMP).

The AASB was of the view that these disclosures are more in the nature of governance disclosures that are better dealt with in the legislation, rather than by the accounting standards.

The proposed Regulation inserts these disclosures into the *Corporations Regulations 2001* to ensure that disclosure continues. The complete removal of the disclosures would create information gaps in the regulatory framework.

Closure of the Financial Reporting Panel (FRP)

On 27 September 2012, Quentin Bryce, Governor General of the Commonwealth of Australia signed the *Corporations Legislation Amendment (Financial Reporting Panel) Proclamation 2012* for the FRP to close on 1 October 2012 when the Act commenced.

However, references to the FRP remain in the Commonwealth Regulations. The *Corporations Legislation Amendment Regulation 2013 (No.)* removes these references.

Ministerial Council for Corporations

Under the *Corporations Agreement 2002* (the Corporations Agreement), the State and Territory Governments referred their constitutional powers with respect to corporate regulation to the Commonwealth. Pursuant to subclause 506(1) of the Corporations Agreement, the Legislative and Governance Forum for Corporations (the Forum, formerly the Ministerial Council for Corporations) has been consulted, and approved, the proposed Amendment Regulation. Three State/Territory Ministers approved the Amendment Regulation, as required by subclause 507(2) of the Corporations Agreement. Given the minor nature of the proposed amendment, the Forum agreed to shorten the public consultation period as permitted by subclause 511(3) of the Corporations Agreement.

The Act does not impose any conditions that need to be satisfied before the power to make the Amendment Regulation may be exercised.

The Amendment Regulation is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Amendment Regulation commences on 1 July 2013.

Statement of Compatibility with Human Rights

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

CORPORATIONS AMENDMENT REGULATION 2013 (NO.)

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

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2. Insert various remuneration disclosure requirements into the Commonwealth Regulations.
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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.

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Parliamentary Secretary to the Treasurer