

Attachment E: Overview of possible size thresholds for Indigenous corporations for determining if they are small, medium or large

	Small	Medium	Large
Test for small, medium and large corporations (clause 37-10)	<p>Small corporations will be those which satisfy at least two of the following:</p> <ul style="list-style-type: none"> • total consolidated gross operating income (CGOI) of the corporation and (any) entities it controls for the financial year is less than the amount prescribed; • total consolidated gross assets (CGA) of the corporation and (any) entities it controls at the end of the financial year of the corporation is less than the amount prescribed; • total employees of the corporation and (any) entities it controls at the end of the financial year is fewer than the amount prescribed. 	<p>Medium corporations will be those which satisfy at least two of the following:</p> <ul style="list-style-type: none"> • total CGOI of the corporation and (any) entities it controls for the financial year is equal to or greater than the amount prescribed for small but less than the amount prescribed for medium; • total CGA of the corporation and (any) entities it controls at the end of the financial year of the corporation is equal to or greater than the amount prescribed for small but less than the amount prescribed for medium; • total employees of the corporation and (any) entities it controls at the end of the financial year is equal to or greater than the amount prescribed for small but less than the amount prescribed for medium. 	<p>Large corporations will be those which satisfy at least two of the following:</p> <ul style="list-style-type: none"> • total CGOI of the corporation and (any) entities it controls for the financial year is equal to or greater than the amount prescribed for medium; • total CGA of the corporation and (any) entities it controls at the end of the financial year of the corporation is equal to or greater than the amount prescribed for medium; • total employees of the corporation and (any) entities it controls at the end of the financial year is equal to or greater than the amount prescribed for medium;

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<p>Thresholds for size test suggested by the 2002 review of the <i>Aboriginal Councils and Associations Act 1976 (ACA Act)</i></p> <p>(Note: the Review used the categories: “exempt”, “small” and “large”.)</p>	<p>Small corporations will be those which satisfy all of the following:</p> <ul style="list-style-type: none"> • total consolidated gross operating income (CGOI) for the financial year is less than \$100,000; • total consolidated gross assets (CGA) at the end of the financial year of the corporation is less than \$100,000; • total employees at the end of the financial year fewer than 2. <p>(Note: ACA Review suggested exceeding any one of these criteria would make the corporation a medium Indigenous corporation)</p>	<p>Medium corporations will be those which satisfy all of the following:</p> <ul style="list-style-type: none"> • total CGOI from \$100,000 but less than \$500,000; • total CGA value from \$100,000 but less than \$500,000; • total employees from 2 to 9. <p>(Note: ACA Review suggested exceeding any one of these criteria would make the corporation a large Indigenous corporation)</p>	<p>Large corporations will be those which satisfy any one of the following:</p> <ul style="list-style-type: none"> • total CGOI more than \$500,000; • total CGA value from \$500,000; <p>total employees greater than 9.</p>
<p>Thresholds for size test in <i>Corporations Act 2001 (Corporations Act)</i></p> <p>(section 45A)</p>	<p>Small proprietary companies are those which satisfy at least two of the following:</p> <ul style="list-style-type: none"> • consolidated gross operating income (CGOI) of the company and any entities it controls for the financial year is less than \$10 million; • consolidated gross assets (CGA) at the end of the financial year of the company and any entities it controls is less than \$5 million; • the company and any entities it controls have fewer than 50 employees at the end of the financial year. 	<p>Large proprietary companies are those which satisfy at least two of the following:</p> <ul style="list-style-type: none"> • CGOI of the company and any entities it controls for the financial year is \$10 million or more; • CGA at the end of the financial year of the company and any entities it controls is \$5 million or more; • the company and any entities it controls have 50 or more employees at the end of the financial year. 	

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<p>Developing appropriate thresholds for size test under CATSI Bill</p>	<p>The policy regarding appropriate thresholds for small, medium and large corporations is being developed now and will be included in the regulations. Research of Indigenous corporations and costs associated with reporting indicates that applying the thresholds suggested by the review would result in too many corporations being categorised as large and therefore would place too great a burden on corporations receiving relatively low funds. At the same time the thresholds in the Corporations Act may not be appropriate for Indigenous corporations. This is particularly the case when it is considered that many sizeable corporations in remote areas provide significant services to communities. The emphasis that is placed on the sustainability and accountability of the Indigenous corporations needs to be commensurate with the valuable role they play in their communities. It is likely that the size threshold adopted in the CATSI regulations will be higher than those recommended in the review but may be lower than those in the Corporations Act.</p> <p>With respect to thresholds the review suggested that the calculation of a corporation's assets should probably exclude non-disposable assets. In this regard, the CATSI Bill does expressly exclude the native title rights and interests held by a registered native title body corporate in determining its assets as a small, medium or large corporation (clause 37-10 (4)).</p> <p>Note that the CATSI Bill allows for flexibility in categorising corporations by size or other classes. Reporting requirements can be customised on a case-by-case basis or by class determination. This can be done by regulation (clause 333-5) or exemption (clauses 353-1 and 353-10). This allows requirements to be adjusted to take account of unusual circumstances such as short term increases in funds which might otherwise place a corporation into a different size category.</p>			
<p>Possible reporting requirements</p> <p>* The policy regarding reporting by small, medium and large corporations is being developed now and will be included in the regulations. The reports provided here are indicative only and are subject to change.</p>	<p>Small corporations may only have to provide a general report (clause 330-1). The general report contains basic contact information such as name and address of current directors, members and contact person / secretaries (clause 330-5).</p> <p>The regulations would not require small corporations to lodge annual financial statements (clause 322-10).</p>	<table border="1"> <tr> <td data-bbox="1115 1034 1585 1423"> <p>In addition to the general report (330-1) the regulations would require medium corporations to prepare financial reports covering all income and expenditure, assets and liabilities and be subject to special purpose audits.</p> <p>Financial reports would need to be audited by a suitably qualified person i.e. members of the Institute of</p> </td> <td data-bbox="1585 1034 2056 1423"> <p>In addition to the general report (330-1) the regulations would require large corporations to meet the same reporting requirements (financial, directors reports) as public companies limited by guarantee under the Corporations Act, including being audited by a registered company auditor.</p> </td> </tr> </table>	<p>In addition to the general report (330-1) the regulations would require medium corporations to prepare financial reports covering all income and expenditure, assets and liabilities and be subject to special purpose audits.</p> <p>Financial reports would need to be audited by a suitably qualified person i.e. members of the Institute of</p>	<p>In addition to the general report (330-1) the regulations would require large corporations to meet the same reporting requirements (financial, directors reports) as public companies limited by guarantee under the Corporations Act, including being audited by a registered company auditor.</p>
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		Chartered Accountants, the National Institute of Accountants or the Australian Society of Certified Practising Accountants.	
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