

17 July 2009

The Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Via email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Sir/Madam

**Inquiry into the Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009**

Thank you for the opportunity to comment on the Bill: Corporations Amendment (Improving Accountability on Termination Payments) Bill introduced into Parliament on 24 June 2009. CPA Australia, The Institute of Chartered Accountants in Australia (the Institute) and the National Institute of Accountants (comprising the Joint Accounting Bodies) have considered the above Bill and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

The Joint Accounting Bodies welcome the publication of this Bill and support the Productivity Commission in striving to improve Director and Executive Remuneration disclosure practices in Australia. We support the measures set out in the Bill designed to reduce the level of termination benefits that require shareholder approval and the expansion of the regulation to encompass those executives covered in the remuneration report for disclosing entities. It is pleasing to see that some of our comments made on the Exposure Draft have been addressed in the final Bill – in particular changes regarding when and how a termination payment needs approval.

Given that the regulations have not been issued at this stage we wish to highlight those areas from our previous submission that we would anticipate should be covered in the regulations. Of particular note are:

- the definition of base salary;
- the definition of a benefit with respect to superannuation inclusions; and
- exclusions and the use of the term 'stock options'.

The Joint Accounting Bodies are keen to ensure that there remains an ongoing link with the Productivity Commission's review (Review) into director and executive remuneration. Any changes made as a result of the Review need to ensure the continued alignment to other applicable areas of regulation and legislation. In our recommendations to the Review we have called for an alignment of the definition in the law regarding those persons subject to the disclosure requirements with those set out in the accounting standards. This is to avoid confusion and unnecessary complication.

**Representatives of the Australian Accounting Profession**



[cpaaustralia.com.au](http://cpaaustralia.com.au)



The Institute of  
Chartered Accountants  
in Australia

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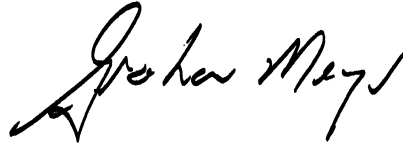
[nia.org.au](http://nia.org.au)

If you require further information on any of our views, please contact John Purcell, CPA Australia via email [John.Purcell@cpaaustralia.com.au](mailto:John.Purcell@cpaaustralia.com.au), Kerry Hicks, at the Institute via email [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au) or Reece Agland at the National Institute of Accountants by email [reece.agland@nia.org.au](mailto:reece.agland@nia.org.au).

Yours sincerely



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