



Senator Slade Brockman
Chair
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

1 March 2021

Dear Senator Brockman

Treasury Laws Amendment (2021 Measures No.1) Bill 2021 [Provisions]

We welcome the Committee's review of this legislation, and the opportunity to contribute our views.

As one of Australia's leading audit and professional services firms that works closely with many Australian corporate entities, we believe the reforms outlined in this legislation will go some way to reduce the regulatory burdens faced by Australian corporate entities during the COVID-19 disruptions.

Schedule 1 changes: Temporary relief allowing companies to use technology to meet regulatory requirements to hold meetings, such as AGMs, distribute meeting related materials and validly execute documents.

We support the relief extension to 15 September 2021 for the use of technology to meet regulatory requirements, such as AGMs. Our experience over the last 12 months suggests that the existing relief has been successful in helping businesses meet their regulatory requirements during such a disruptive period. Technology options utilised by Australian corporate entities have proven to be fit for purpose in facilitating the actioning of necessary regulatory requirements, which would otherwise have had to be undertaken in a physical environment. Although we note, anecdotally from some shareholders, that there have been varying degrees of quality in technology options, and difficulties on occasions in navigating the technology.

An extension to 15 September 2021 is, in our view, sensible given the likelihood of ongoing travel disruptions and social distancing requirements that will continue to be enforced through public health orders.

We welcome the government's cautious and consultative approach to legislating for the longer term use of technology to support these regulatory requirements. We support the proposal to conduct an opt-in pilot for hybrid annual general meetings in which shareholders can choose whether to attend meetings in person or virtually.

In our experience, while many stakeholders have adapted to the technology options offered to them, many would like the opportunity outside of the current pandemic settings, to contribute to the development of policy around the use of technology going forward. This is particularly important for events such as AGMs which have been a feature of the Australian governance landscape for such a long period of time. We think it's important retail investors are able to contribute to the long term policy settings given this

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group of stakeholders can be significantly impacted by the availability and capabilities of technology options.

Schedule 2 changes: Permanent introduction of a 'fault' element to continuous disclosure laws so that companies and their officers will only be liable for civil penalty proceedings where they have acted with 'knowledge, recklessness or negligence' in failing to update the market with price sensitive information.

We have previously argued for reform on class action, and as such we provided a submission to the Parliamentary Joint Committee on Corporations and Financial Services' Inquiry into Litigation Funding and the Regulation of the Class Action Industry. We believe the current class action environment has the potential to impact adversely upon Australian capital markets as it could be seen as being a disincentive for well credentialed non-executive directors to accept appointments on public company boards, and potentially a disincentive for accounting professionals to become registered company auditors.

We believe these legislative changes, which more closely align us with the UK and United States continuous disclosure regimes, will go some way to reducing this threat.

We would welcome the opportunity to discuss our views further.

Yours sincerely

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