

10 June 2004

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Dr Kathleen Dermody
Parliamentary Joint Committee on
Corporations and Financial Services
Parliament House
CANBERRA ACT 2601

Dear Dr Dermody

**Recent Proposed Amendments to the Corporate Economic Reform Program
(Audit Reform and Corporate Disclosure) Bill 2003**

I refer to your letter of 20 April 2004 and thank you for inviting the Society to comment on the matter of political donations by companies.

The Society's Commerce, Corporate and Tax Committee has considered the proposed amendment requiring that shareholders specifically authorise any political and other donations proposed to be made.

The following points are made:

- 1 There appears to be confusion about the terminology of the Company Corporation Body Corporate in Section 323A. This should be resolved.
- 2 If the reforms are imposed they should apply equally to private and public companies.
- 3 Concern is expressed that the provision requiring that sums be authorised by shareholders do not enable subsequent ratification. If shareholders are indeed happy with a donation after the event then it ought to be able to be simply ratified.
- 4 There is a view that disclosure would probably be adequate. The fundamental thrust of the new CLERP regime as it applies to executive remuneration, audit and the like, is for disclosure.
- 5 There should be a low level cut off below which minor donations can be made.

Yours sincerely

Jan Martin
EXECUTIVE DIRECTOR