



The Voice of Super

File Name: P428

5 April 2005

The Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Suite SG.64
Parliament House
CANBERRA ACT 2600

Dear Secretary,

**Exposure Draft Bill for Consultation - Corporations Amendment Bill (No. 2)
2005**

The Association of Superannuation Funds of Australia Ltd. (ASFA) welcomes the opportunity to make this submission to the Parliamentary Joint Committee on Corporations and Financial Services on the *Exposure Draft Bill for Consultation - Corporations Amendment Bill (No. 2) 2005*, released by the Commonwealth Treasury on the 7 February 2005.

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. Our members, which include corporate, public sector, industry and public offer superannuation funds, account for more than 5.7 million member accounts and over 80% of superannuation savings.

Superannuation fund trustees have a duty to make investment decisions in the best interests of the members and other beneficiaries of the fund. Superannuation funds currently hold an estimated \$317 billion (45% of their total assets) in Australian equities. This represents approximately one-third of Australia's capital market.

As significant shareowners, superannuation funds have a keen interest in the performance of listed companies and the efficient operation of our capital market. ASFA has long taken an interest in issues relating to shareowner participation. ASFA is an active member on the ASX Corporate Governance Council and has issued best practice guidance to assist superannuation trustees become "active shareowners". We have been involved in other activities, including participation in the ASIC Corporate Governance Roundtable and in the development of the IFSA's Guidance Note No. 2.00, *A guide for investment managers and corporations* (the "Blue Book" Standards).

Overall, ASFA sees the reforms presented in this Exposure Draft as a good attempt to balance competing concerns over providing shareowners with opportunities to raise concerns with boards and other shareowners with the costs of organising General Meetings.

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Items 1 and 2 – Amendments to Section 249D – Removal of 100 member rule for calling General Meetings

ASFA can see merit in better ensuring companies are not exposed to unnecessary meetings – the costs of which are ordinarily borne by all shareowners. However support for this amendment is premised on the *quid pro quo* presented by 20 or more shareowners being able to bring resolutions before Annual General Meetings under sections 249N and 249P (see below).

Items 3 and 5 – Amendments to Sections 249N and 249P – Reducing the Threshold for Making a Shareowner Resolution

Shareowners should be able to exercise certain ownership rights. Resolutions brought before Annual General Meetings remain a mechanism through which shareowners can raise concerns directly with boards and other shareowners. Replacing the 100-member rule for the calling of general meetings with a 20-member rule for member resolutions ensures that boards are aware of minority shareholder concerns without the costs associated with the calling of additional general meetings.

Recommendation One: ASFA supports the removal of the 100-member rule for the calling of general meetings and its replacement with a 20-member rule for shareowner resolutions and statements.

Items 4 and 6 – Amendments to Sections 249O and 249P – Distribution of Members’ Resolutions and Statements by Electronic Means

ASFA strongly supports initiatives that facilitate shareowner participation and reduce cost through use of appropriate electronic communication. ASFA believes that lowering procedural barriers to participation will enable more active shareowning, including increased levels of proxy voting, by both institutional and individual investors.

Recommendation Two: ASFA supports companies being able to circulate members’ resolutions and members’ statements on an electronic basis.

Items 7 and 8 – Amendments to Section 250A – Requirement for Proxies to Vote as Directed

ASFA supports initiatives that make companies and boards accountable to shareowners. Requiring proxies to vote as directed will better ensure shareowners’ views are accurately represented to boards.

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Recommendation Three: ASFA supports requiring proxies to vote in accordance with the directions of the respective shareowner.

Item 12 – Repeal of Section 323DA – Removal of Requirement for Listed Companies to Disclosure Information Filed Overseas

The repeal of section 323DA will drop the requirement for Australian listed companies to disclose in Australia information already disclosed on overseas exchanges. While large institutional investors may be able to access information from overseas exchanges, this may disadvantage many other shareowners unable to easily access this information.

Recommendation Four: ASFA recommends further information from Government as to the merits of this reform.

If you or your advisers have any questions or comments on the items raised in this submission, please feel free to contact Dr Brad Pragnell on 02 9264 9300.

Yours sincerely,

**Dr Michaela Anderson
Director of Policy and Research**

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