

30 March 2005

The General Manager
Corporations and Financial Services Division
The Treasury
Langton Crescent
PARKES ACT 2600



**AUSTRALIAN
AUTOMOBILE
ASSOCIATION**

Dear Sir/Madam,

AAA SUBMISSION ON THE CORPORATIONS AMMENDMENT BILL

Introduction

Australian Automobile Association (AAA) is the federal secretariat of the State and Territory motoring organisations, which have a combined membership of over 6 million members.

Overall AAA welcomes the intention of the Bill to facilitate increased shareholder participation in corporate governance while reducing the associated costs of such participation.

Calling of a general meeting by directors when requested by members—section 249D

AAA welcomes the proposal to remove the 100 member rule, leaving the threshold for demanding a general meeting at 5 per cent of membership.

AAA members have long argued for this amendment. In each of the AAA clubs, with the exception of the AANT (which has only approximately 14,000 members), the current 100 member rule allows just 0.1 per cent or less of members to demand a general meeting, potentially leaving at least 99.9 per cent of members who are generally happy with their club, who have not called for the meeting and probably do not support what to them is a waste of club resources.

The costs of calling and holding a general meeting are significant. NRMA Motoring and Services for example, estimates that this cost is the order of \$4 million. Given this, it is important that the ability of a group to demand a general meeting be limited to those who are representative of the membership.

Members' resolutions and statements for Annual General Meetings—sections 249N and 249P

AAA does not support the proposal to reduce the 'second limb' of the threshold for putting resolutions from 100 members to 20 members.

20 members, or for that matter 100 members, represents a very small proportion of membership of individual AAA clubs. The proposed change, and even the existing

Constituent Members



Help when you need it most.



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100 member rule, allows shareholders who represent an extremely small interest in the company to have considerable influence over the agenda and business to be conducted at the meeting.

Although an Annual General Meeting might be taking place, significant additional time and costs are involved in putting forward and addressing member resolutions and statements.

AAA understands the importance of increasing shareholder communication and supports the ability of members to make requisitions or have statements circulated. However, having regard to the size of a number of larger Australian companies the number of members supporting the communication should be proportionally based rather than a fixed number. The appropriateness of a fixed number should therefore be revisited in three years, which would allow an examination of how the rule has been used in practice.

'Cherry picking' of proxy votes—subsections 250A(4) and 250A(5)

AAA supports the Government's attempt to prevent 'cherry picking', so that all members' votes count. Therefore AAA supports the proposal to extend the 'cherry picking' restrictions to all proxy votes.

It our understanding that the proposed \$550 fine would be applied on a 'per appointment' basis (that is, it would apply to each proxy that is not voted as directed). On this basis, we are supportive of the fine as a deterrent to 'cherry picking'. The AAA also believes that where proxies do 'cherry pick', a mechanism needs to be put in place so that all their directed votes are counted. For example, there might be a default appointment of a new proxy for votes not submitted.

Disclosure of proxy voting—subsection 250J(1A)

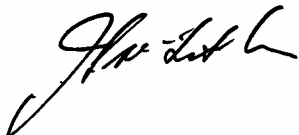
The AAA supports the repeal of the requirement for the chair to inform the meeting whether any proxy votes have been received and how they are to be cast.

Electronic circulation of members' resolutions and members' statements—sections 249O and 249P

The AAA supports the proposal to ensure that if a member has nominated electronic means to receive notice of a meeting, they will also receive members' resolutions and statements in the same way. This proposal will facilitate shareholder participation and reduce costs.

If you have any further queries, please don't hesitate to contact me on (02) 62477311.

Kind regards,



Lauchlan McIntosh
Executive Director