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21 April 2005

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

Attention: Dr Anthony Marinac

Dear Sir

**INQUIRY INTO EXPOSURE DRAFT OF CORPORATIONS
AMENDMENT BILL (NO. 2) 2005**

Thank you for the invitation by letter dated 21 February 2005 to make written submissions to the Committee on the Bill.

The Task Force makes the following submissions.

Requisitioned meetings and member originated resolutions and statements

The Task Force supports the proposed amendment to subsections 249D(1), 249D(1A), 249N(1)(b) and 249P(2), and the proposed insertion of new sections 1472 and 1473.

The Task Force would welcome the repeal of subsections 249N(1A) and 249P(2A), in conjunction with the above amendments and insertions.

Electronic despatch

The Task Force supports the insertion of proposed subsections 249O(2) and 249P(6A).

Proxy Voting

The Task Force supports the proposed amendment to paragraph 250A(4)(d) and 250A(5).

The Task Force supports the repeal of subsection 250J(1A).

Priority of charges; Commonwealth registered intellectual property

The Task Force does not comment on the proposed amendments to subsection 279(5).

Disclosure of information filed overseas

Though at first blush, the repeal would appear consistent with ASX Listing Rule 3.1 and recent amendments to the Corporations Act to reduce areas of overlap between the Act and the Rules, the Task Force is concerned with the underlying policy rationale for the proposed repeal of section 323DA.

As ASX Listing Rule 3.1 only requires the release of information that a reasonable person would expect to have a **material effect** upon the price or value of an entity's securities, the Task Force considers that this threshold is, in respect of foreign-filed information, too low, particularly given the current trend in international capital markets for enhanced disclosure. Arguably this **material effect principally relates to short-term price sensitivity** and fails to include the recognition of longer-term effects, for example such as the ultimate longer-term effect upon market price when reputation risk has been ignored in pursuit of short-term considerations.

An example would be the movement, particularly in the European Union, towards an enhanced disclosure regime, which arguably may ultimately require the reporting of the "triple bottom line". Australian corporate reporting and the legislators seem to the Task Force to date to wish to adopt world's best practice in this area – and it is suggested that for those corporations listed and operating upon a global stage, it will be a dis-service to Australian investors to effectively lower the current disclosure regime in Australia. Each Australian investor has the right to be given all the pertinent information in relation to their investment, whether materially affecting the price in Australia, in the short-term, or not. Each Australian investor should be given immediate and consistent access to the international profile of their chosen investment. Why are Australians to be treated as second-class world citizens?

The Task Force further considers that the removal of this provision would be a step backwards in the Australian disclosure regime and would be a step **consciously and deliberately** moving out of alignment with leading international markets and the trends in these markets. Such a step would be in sharp contrast to recent corporate law amendments that have been aimed at placing Australian market players in a significantly more competitive position, and aligning the Australian market with global capital markets.

The Parliamentary Joint Committee's statement that this area should be the domain of the ASX and accountancy bodies alone, in our view, does not adequately account for the increased interest by shareholders and other investors in knowing and understanding the

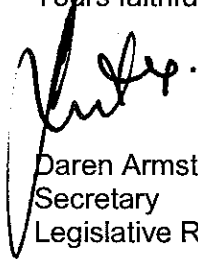
totality of the underlying effects of the activities of a listed corporation – not solely the immediate financial effects.

In our view the Corporations Act should not merely maintain, but also further encourage, enhanced disclosure in accordance with international trends. Accountancy bodies, for example, have a vested interest in inextricably linking corporate disclosure requirements to immediately quantifiable measurements, whereas true and open disclosure embraces wider and often not directly quantifiable parameters.

Any suggestion that disclosure costs will materially increase is addressed, as arguably if the disclosure is required under a different regime all significant procedures will already be in place for disclosure to Australian investors through the ASX.

Global corporations are operating in a global market place and need to be accountable to a far wider audience. Corporations listed on other exchanges as well as the ASX should be required to disclose here, in Australia and for Australians, all the information provided in each separate market.

Yours faithfully



Daren Armstrong
Secretary
Legislative Review Task Force