

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES INQUIRY INTO SHAREHOLDER ENGAGEMENT AND PARTICIPATION – TREASURY QUESTIONS ON NOTICE

Senator MURRAY—Of course, technology has moved on. It is much easier now, even for the smallest operation to do this. Do not come back if there is no answer, but if Treasury has a view on the mandating issue could they provide it to us? [page 78]

The *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* (the CLERP 9 Act) contained amendments to the proxy rules in the *Corporations Act 2001* (the Corporations Act) to permit companies to offer a facility for electronic submission of proxy appointment forms and related appointment authorities. The permissive nature of the amendments allows companies the flexibility to choose the means for the submission of proxy appointment forms and authorities that are appropriate to their circumstances.

Mr ROBERT—Could you come back to us on how long it has been in the act. Also, what was the reasoning behind the number 50—what was the basis for choosing 50 in the first place? My final question is to Ms Kljakovic. You said this concern was raised in your unit once; ... when was the inquiry made? [page 81]

The requirement for proprietary companies to have no more than 50 non-employee shareholders existed when Australia first adopted a national regime for corporate regulation in 1982. Since this time, Treasury has received very few comments from stakeholders in relation to this requirement. The requirement was reviewed as part of the Corporations Law Simplification Programme in 1994. This included stakeholder consultation on whether there should be a restriction of the number of non-employee shareholders in proprietary companies, and if so, what should be set as the maximum number. Following this review, a decision was made not to amend the existing requirement.

The regulatory regime established for proprietary companies is based on the principal that these companies have a relatively non-disperse shareholder base. For this reason, the Corporations Act requires proprietary companies to have less than 50 non-employee shareholders. Companies with a wider shareholder base, for example listed or other public companies, face greater issues in providing effective oversight and control of company management. In order to address these issues, the Corporations Act places greater governance requirements on companies with more disperse ownership.

It is also important to note that proprietary companies face similar reporting requirements to unlisted public companies if they are classified as ‘large’ because of their economic significance. As such, allowing companies with disperse ownership to operate as proprietary companies does not necessarily mean they will have reduced reporting requirements.

For these reasons, Treasury does not consider that there is a compelling rationale for amending the 50 non-employee shareholder restriction.

The inquiry referred to in response to questioning related to a provision contained in the takeovers provisions directed to unlisted companies with more than 50 members, rather than the requirement for proprietary companies to have less than 50 non-employee shareholders. The inquiry occurred in November 2007.

Chair—I might conclude on one final question in terms of the Financial Literacy Foundation. I note that it has been going for a number of years now and there have been a number of programs around that foundation. Could you remark on the success of that program and whether there has been any reporting on the measurement of that success? [page 83]

The Financial Literacy Foundation (the Foundation) was established in June 2005 to assist all Australians to increase their financial knowledge and better understand their options and the choices they can make in managing their money. The Foundation is a division with the Treasury and has a non-statutory Advisory Board which provides advice to the Government on financial literacy issues.

Key achievements

Since the Foundation was established in June 2005, its achievements have been in the following areas:

Education and training

- Played a leadership role in developing the National Consumer and Financial Literacy Framework under which financial literacy will be integrated into the curriculum across the compulsory years of schooling from 2008 onwards, in all government, Catholic and Independent school sectors.
- Initiated the development of a formal National Professional Learning Strategy to support teachers in the practical implementation of the National Consumer and Financial Literacy Framework.
- Initiated the development of a National Professional Learning Package to deliver professional learning materials for teachers as the first action point under the National Professional Learning Strategy.
- Initiated the development of a Further Education Strategy to increase awareness of financial literacy within the vocational and technical education, adult and community education and higher education sectors.
- Pursued a number of other pilot programs to introduce financial literacy education to cadets and apprentices.

Campaign

- Delivered the Understanding Money media campaign (July to December 2006) and advertorial campaign (August to October 2007) to raise awareness of financial literacy and its benefits, and encourage people to engage with financial literacy information and resources to find out more about how to make the most of their money.

Website and handbook

- Delivered the Understanding Money website and handbook which provide consumers with accessible and easy to understand information on a range of money topics and issues, and information about other trusted and reliable sources of financial literacy information if they want to know more.

Research

- Supported employers who are interested in providing financial literacy education to their employees in the workplace through a booklet, Understanding money – Financial literacy in the workplace, which consists of seven case studies and information to assist employers who

want to develop a program that fits their particular needs and resources, and web-based resources.

- Developed good practice guidelines, Understanding money – Good practice in developing financial literacy initiatives with Indigenous Australians, to provide guidance to developers of financial literacy initiatives for Indigenous Australians.
- Published Financial literacy – Australians understanding money, a report on the Foundation's survey of 7,500 Australians aged 12 to 75 and our attitudes to money: how confident we are and how we behave when it comes to managing our money.