The Parliament of the Commonwealth of Australia

REPORT ON THE
FIRST CORPORATE LAW SIMPLIFICATION BILL 1994

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND SECURITIES

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PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND SECURITIES

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DUTIES OF THE COMMITTEE

Section 243 of the *Australian Securities Commission Act 1989* reads as follows:

The Parliamentary Committee's duties are:

(a) to inquire into, and report to both Houses on:

(i) activities of the Commission or the Panel, or matters connected with such activities, to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; or

(ii) the operation of any national scheme law, or of any other law of the Commonwealth, of a State or Territory or of a foreign country that appears to the Parliamentary Committee to affect significantly the operation of a national scheme law;

(b) to examine each annual report that is prepared by a body established by this Act and of which a copy has been laid before a House, and to report to both Houses on matters that appear in, or arise out of, that annual report and to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; and

(c) to inquire into any question in connection with its duties that is referred to it by a House, and to report to that House on that question.

TERMS OF REFERENCE

On 8 February 1995 the House of Representatives agreed that:

> the First Corporate Law Simplification Bill 1994 be referred to the Parliamentary Joint Committee on Corporations and Securities for consideration and an advisory report to the House by 27 February 1995.

On 27 February 1995 the House of Representatives agreed that:

> the time for the Parliamentary Joint Committee on Corporations and Securities to present its advisory report on the First Corporate Law Simplification Bill 1994 be extended to 2 March 1995.

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1. INTRODUCTION

The Committee's Inquiry

1.1 Following the referral of this matter to the Committee by the House of Representatives on 8 February 1995 the Committee sought a response from bodies representing parties referred to during the second reading debate as having expressed concerns or reservations about aspects of the Bill. The Committee also prepared a list of those matters raised in debate as causing concern and forwarded it to the Simplification Task Force and other interested bodies for a response. The Task Force response is tabled with the Report, and is referred to where appropriate.

1.2 Written submissions were received by the Committee on the matters discussed in Chapter 2 of this report. Submissions are listed in Appendix A.

1.3 On Wednesday 22 February 1995 the Committee conducted a public hearing on the Bill in Melbourne. The witnesses who appeared before the Committee at the hearing are listed in Appendix B. On Tuesday 28 February 1995 the Committee held further discussions with the Simplification Task Force and with Mr Leigh Hall, Chair of the Corporations Law Simplification Consultative Group.

1.4 The Committee acknowledges the efforts of all those who have participated in the Task Force's consultative process and those who have provided the Committee with submissions or appeared before the Committee at its public hearing.

The Simplification Process

1.5 The First Corporate Law Simplification Bill 1994 is the first Bill to emerge from the Government's Corporations Law Simplification Program announced at the time of the 1993 Budget and commenced in October 1993. The program began during the second half of 1993 with the appointment of the Simplification Task Force and publication of its first Plan of Action outlining the Task Force's priorities. The process is intended to be completed over a four year period.

1.6 The simplification program involves extensive input from the users of the Corporations Law. The task force includes a consultant in plain English and an experienced corporate lawyer from the private sector as well as a senior drafter from the Office of Parliamentary Counsel and a senior policy

lawyer from the Attorney-General's Department. The Task Force is assisted by a Consultative Group from business and the legal and accounting professions. The proposals for simplification and draft legislative proposals are the subject of extensive consultation with users of the law.

The Consultative Process

1.7 The consultative process followed by the Task Force has been more extensive than previous practice. Proposals prepared by the Task Force have been distributed for public comment and reported in the press and in specialist journals.

1.8 Major representative bodies and associations concerned with the Corporations Law have been contacted as well as many interested individuals. Close consultation on proposals has also occurred with the Australian Securities Commission in view of its role and experience as the regulator in this area. Submissions received by the Task Force have been used to refine the proposals and to rework particular matters.

1.9 Considerable testing of the proposed legislation occurred. Tests were initially conducted before drafting began to uncover points of difficulty, confusion, or misinterpretation with the current Law. The text of the draft Bill was closely tested at various stages of drafting with people drawn from a wide spectrum of users of the Corporations Law.

1.10 Various ways of organising the new material were shown to groups of users to select the one that would most nearly match the approach they would take when consulting the Law.

1.11 The text itself has been exposed to critical comment. In some cases alternative versions of particular sections were tested to see which one user groups found easier to understand.

1.12 The Task Force has adopted many of the suggestions that have come from the consultation and testing. Users with different perspectives and interests have on occasions made varying proposals for particular sections. Most often the differences have been in emphasis rather than matters of principle or substance.

1.13 In these circumstances, the Task Force has usually adopted the preferred approach of the majority of users, as for example in the organisation of material and the shape of the table in the share buy-backs Division.

1.14 To aid the consultative process, the Corporations Law Simplification Consultative Group was established in December 1993 to assist the Task Force, and particularly to ensure that user groups and the wider community received an improved, simplified and workable set of laws.

1.15 The Consultative Group is made up of 13 private sector representatives of the investment and business communities. The Group includes officers of large companies, representatives of small business organisations and senior legal and accounting professionals. The Task Force holds regular meetings with the Consultative Group to discuss the simplification program and to seek reaction from Group members to draft proposals before release for public comment.

1.16 In his submission to the Committee Mr Leigh Hall,[1] Chair of the Consultative Group, briefly outlined the extent of the consultation conducted on the Bill and concluded by saying:

> *... in the view of the consultative Group, the Bill represents the general wishes of the community of users.*[2]

1.17 In its submission to the inquiry, the Australian Securities Commission noted that it was

> *.. satisfied with the high degree of consultation we have had during the Task Force's process of developing the present Bill*[3]

1.18 The Chairman of the Australian Shareholders' Association advised the Committee

> *As a member of the Consultative group I can attest to the extensive discussion and debate which has taken place with regard to virtually all of the provisions of the Bill. And although the members of the Consultative Group have been appointed to this group in their personal capacities, it is fair to observe that they have been drawn from a wide range of organisations representing, inter alia, large and small business, the legal and accounting professions and institutional and individual investors so that there has been an excellent channel for two way communication between the Task Force and the*

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[1] Mr Leigh Hall is also Deputy Managing Director, AMP Investments.

[2] Mr Leigh Hall, Submission No. 3, p.1.

[3] Australian Securities Commission, Submission No. 4, p.4.

Consultative Group and the parties most affected by the Bill as the provisions of the Bill were being developed.[4]

1.19 However, the submission from the Australian Finance Conference (the AFC) was critical of the consultation process.

> *AFC has found the consultation process in relation to this issue has been unsatisfactory. Whilst we have been given every opportunity to raise our concern, in the final analysis these concerns have been afforded no consideration. .... It could be expected that an effective consultation process would have modified the original proposals to take account of these concerns.*[5]

1.20 The Committee's own experience with the consultative process during the period of the Task Force's work has been very positive. It does not share the views of the Australian Finance Conference that an effective consultation process necessarily requires *all* proposals for change to be modified to take account of *all* the views put to it.

1.21 As the AFC has said, it was provided with every opportunity to put its views to the Task Force. That the Task Force was not persuaded by the arguments presented, does not necessarily indicate failure by the Task Force to either understand or take into account those views in reaching its decisions.

1.22 The Committee, for example, found considerable merit with both sides of the arguments presented on a number of the small range of matters in contention. Although it may not unreservedly agree with all the judgements made by the Task Force, the Committee considers their decision-making process and decisions to be reasonable.

1.23 The Committee discussed the Task Force's consultative process with the Task Force at private meetings on 8 February and 28 February. As well, the Committee has ensured that it regularly gets the views of key participants in the administration and operation of the corporate law, such as the Australian Securities Commission and the Australian Stock Exchange, about the simplification process.

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[4] Australian Shareholders' Association, Submission No. 9. p.1.

[5] Australian Finance Conference, Submission No 1, p. 2

1.24 At no stage have any general concerns about the simplification process or the level of consultation, as opposed to the outcome on some issues, been raised with the Committee.

1.25 At its discussions with Task Force members, the Committee was told by Dr Eagleson that there were three principal features of the consultative process which distinguished it from past practice

> *The first is the involvement of the private sector with the public sector in the development of legislation, right from the beginning. Too often, in the past, we have tended to develop legislation and then put it out to the community for consideration. This involvement of the private sector from the beginning means that the legislation is built up and influenced by the needs of the community and, therefore, can be shaped in a way that is going to be far more satisfactory.*
>
> *The second feature is the penetrating consultation that we engage in. No longer are we content to just send a document out and ask people for their impressions. We go out very early to find out what problems members of the community have been having with current legislation, so that can guide us as we develop changes to it.*
>
> *We also engage in our testing program, firstly to see how it should be structured - what people would like to have first, and what people would like to have second. In other words, we are conscious of the way they would approach the document. Then we test the words. We not only ask people whether they can understand them; we also present them with problems to see whether they can actually make it work. That can be extremely revealing for us.*
>
> *That leads me into our third significant aspect. We are striving very much to have legislation that is comprehensible to everyone. We are not just thinking of the person in the street: we are also thinking of lawyers, judges and accountants, who are all complaining that they have great difficulty in understanding the legislation, and that that has been contributing to the costs. Businesses, both large and small, have complained that they find it very hard to work out what they should be doing and they are spending more time trying to do that. By our methods of the involvement of the private and the public sector, the close consultation and the testing programs, we are developing a form*

of legislation that is going to be more readily comprehensible, easier to use and, therefore, more acceptable.[6]

1.26 The Committee is conscious that, due to its extensive nature, the consultative process will occasionally give rise to provisions that do not meet the approval of all groups in the process. This inquiry has shown the Committee some examples of such a situation

1.27 However, in the light of its recent discussions with the Task Force, and from its evaluation made during this inquiry, the Committee is more than satisfied with the effectiveness of the Task Force's consultative process. Indeed, the Committee is strongly of the view that the process followed by the Task Force is a great improvement on past practice and supports its continuation

1.28 The Committee will continue to monitor the simplification and consultative process as part of its role of scrutiny of the administration and development of the national corporate law scheme.

Content of the Bill

1.29 The First Corporate Law Simplification Bill deals with share buy-backs, proprietary companies and company registers. It has been drafted in plain English and includes several features intended to assist the user of the Corporations Law. The Bill contains clearer and more open page layouts with its provisions organised in a way that users will be comfortable in the use of them. It includes tables and 'signposts' to related areas of the Corporations Law and includes a guide to the law for small business.

Share Buy-Backs

1.30 In the past companies have been reluctant to use buy-back provisions because of their complexity. Under the current law the provisions dealing with share buy-backs extend to 15,000 words in 89 sections. The Bill will reduce this to 2,000 words in 11 sections and will introduce a table into the Corporations Law (new section 206C) to set out simply and clearly which sections of the Law apply to different types of buy-backs.

1.31 The Bill removes some of the mandatory procedures involving auditors, experts, advertisements and declarations which are required by the current law. These procedures are not required in most overseas jurisdictions.

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[6] Transcript of Discussions between the Committee and Task Force members, 8 February 1995, pp. 11-12.

1.32 The Bill includes safeguards for shareholders and creditors. Directors become personally liable if a buy-back makes the company insolvent. A liquidator may also be able to recover compensation from the selling shareholders if a buy-back causes the company to become insolvent.

Proprietary Companies

1.33 The Bill makes several changes to the law relating to proprietary companies. The distinction between exempt proprietary and non-exempt proprietary companies is removed. The practical effect of this change is to eliminate the current requirement on small companies to prepare financial reports for filing with the Australian Securities Commission, data which has proved to be of very limited value.

1.34 The Bill contains a new distinction between small and large proprietary companies based on the company's gross operating revenue, assets and number of employees.

1.35 The Bill reduces the minimum number of members and directors of a proprietary company from two to one. This proposed change overcomes the problem with directors who are, in reality, 'silent directors', who are recruited by the active director to fulfil the current technical requirements of the law, but who have no effective involvement in company management.

1.36 These people are more often than not spouses, relatives or friends of the active director who, despite their role as silent directors, are still subject to the same liabilities and responsibilities of all company directors. As silent directors are frequently the spouse or partner of the active director, debt that silent directors become liable for upon a company's failure is often referred to as 'sexually transmitted debt'.

1.37 The Bill also removes the requirement for all proprietary companies to prepare annual financial statements and to hold annual general meetings.

1.38 A major innovation is the inclusion in the draft bill of a Small Business Guide. The Guide is written in plain English to help small businesses understand the Corporations Law. It is set out under clear, meaningful headings such as: What incorporation means; Setting up a new company; Accounts and audit for small companies; and Companies in trouble. The guide contains cross references to the appropriate sections of the Act. It is intended to publish and distribute the guide separately.

1.39 When discussing the simplification program with the Committee at a public hearing on 6 February 1995, the Chairman of the Australian Securities Commission, Alan Cameron observed:

> ..... *the program seems to be working remarkably well and if it produces, as we think it will produce, a corporations law that is intelligible and understandable I think that will be a great advance. In fact I was looking at it again last night and was reminded that the new small business guide has a little subchapter heading which is just called `Companies in trouble' and I think it was wonderful.*[7]

Company Registers

1.40 The Corporations Law requires companies to keep 8 separate registers. They are registers of:

- members;
- option holders;
- debenture holders
- directors, principal executive officers and secretaries;
- directors' shareholdings;
- substantial shareholders in listed companies;
- notices of beneficial ownership in listed companies; and
- share buy-backs.

1.41 The Bill requires companies to keep only three registers containing information on members, option holders and debenture holders.

1.42 The reduction in the number of registers is intended to eliminate duplication and the need to collect or supply unnecessary information. Most of the information contained in the abolished registers will be available, more readily, from the ASX or ASC. The Bill contains uniform rules in one part of the Law for the three registers and facilitates holding the register on computer system.

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[7] *Hansard*, 6 February 1995, p. 133.

1.43 The Bill prohibits the use of company registers to compile mailing lists for purposes unrelated to the holding of relevant securities without the approval of the company.

Support for the Bill

1.44 The Bill has significant general support. Comments to the Committee during the hearing it held on the reference made it clear that the Bill, as a whole, was a welcome development and addressed matters which had been subject of legitimate complaint for some considerable time. Those submissions critical of aspects of the Bill confine themselves to specific issues and, where they comment on the Bill as a whole, are generally supportive.

> ***Finding and Conclusion***
>
> ***The Committee notes that an extensive consultative process has been undertaken during the preparation and drafting of the Bill. The Bill has received general support from the investment, professional and user groups interested in the Bill.***
>
> ***Subject to the specific matters the Committee recommends later in this report, the Committee considers the Bill should be passed by the Parliament.***

2. Issues Raised During the Committee's Inquiry

The Distinction Between Small and Large Proprietary Companies

2.1 The Bill will replace the current distinction between exempt and non-exempt proprietary companies with a distinction between small and large proprietary companies. The effect of this change is to eliminate the current requirement on small companies to prepare financial reports for filing with the Australian Securities Commission.

2.2 The Bill also departs from the existing regulatory structure by basing the proposed distinction on two of the following criteria: a company's gross operating revenue (to exceed $10 million), assets (to exceed $5 million at the end of a financial year) and number of employees (50 or more at the end of a financial year).

2.3 Concerns have been raised that the new test is arbitrary and that it may result in incorrect classification and inadequate protection for creditors. These concerns have focussed on the possibility that a company would not know until late in a financial year whether it was small or large; or, that a company might change in status between the two from year to year.[8]

2.4 It was suggested in debate in the House that the tests for small proprietary companies should include a test based on the number of members of a company. Alternatively, it was suggested that the proposed test be replaced by the use in the legislation of the concept of reporting entity.

2.5 The Task Force told the Committee the principal reason for choosing the small/large test was the wide acceptance that preparation of accounts by all proprietary companies , as presently required, is a pointless exercise for small family companies, with perhaps one or two members and few creditors.

2.6 The objective test proposed by the Bill will:

- enable small business to apply it without the need to seek expert advice;
- enable the ASC to monitor and enforce the rules; and

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[8] See submission No 2, Accounting Bodies, p.1-3.

- bring Australia into line with tests used in overseas countries for dividing companies according to criteria of economic significance[9]

2.7 The Task Force told the Committee that by choosing the objective test set out in the Bill a simple and certain set of criteria that is easy to apply is set up. A test with too many criteria would be unwieldy and inefficient. The balance struck in the Bill is aimed at ease of application and sophistication.

2.8 The test intends to focus on the three criteria of assets, revenue and number of employees because these were regarded as the simplest matters to ascertain and subject to the least degree of uncertainty.

2.9 Support for the small/large proprietary company criteria used in the Bill was provided by the Australian Securities Commission:

> *The Bill's approach provides a simple and objective test which, from a regulator's and company's viewpoint, will not lead to any uncertainty about whether the requirement to lodge accounts applies.*[10]

2.10 The Companies Committee of the Law Council, both in its submission and in evidence, supported the small/large distinction in the Bill, principally because of the test's clarity and the overwhelmingly number of proprietary companies which would fall within the small category and whose status would, as a result , not be in doubt.[11]

2.11 The number of companies which could be expected to fall within the category of small proprietary companies, and accordingly be exempt from financial reporting requirements, was relevant to the effectiveness of the proposed test.

2.12 The Committee was advised by the Task Force, on the basis of statistics provided by the ASC that 98% of proprietary companies would fall within the small category.[12]

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[9] See submission from the Task Force, p. 2, paras. 2-3.

[10] Australian Securities Commission, Submission No.5., p. 2.

[11] Law Council of Australia - Companies Committee, Submission No. 8, p. 3, para. 5.; and, see *Hansard,* 22 February 1995,p. 32. Opposing this view was the Insolvency Committee of the Law Council which recommended that the concept of small companies not be adopted: Law Council of Australia, Insolvency Committee, Submission No.7, 1-3

[12] Letter to Committee, Corporations Law Simplification Task Force, 1 March 1995.

2.13 The other point which has been raised about the distinction is the assertion that it reflects overseas practice and experience. The Task Force advised that the test applied in New Zealand was a test of two criteria (assets and turnover) and in the United Kingdom the test is the same as proposed by the Bill. In its discussions with the Task Force on 28 February, the Committee was told that the Task Force did not necessarily rely on overseas experience, but considered it was a valid point of reference in assessing possible changes to classification and reporting requirements.[13]

The Reporting Entity Test

2.14 In their submission to the Committee the Accounting Bodies suggested that the reporting entity concept is a better test of the need for a company to produce general purpose financial statements. This test is already used in some other parts of the Corporations Law. Australian Accounting Standards 1025 contains the following definition of a reporting entity.

> ***'reporting entity'*** *mean an entity (including an economic entity) in respect of which it is reasonable to expect the existence of users dependent on general purpose financial reports for information which will be useful to them for making and evaluating decisions about the allocation of scarce resources, and includes but is not limited to the following:*
> *(a) a listed corporation;*
> *(b) a borrowing corporation; and*
> *(c) a company which is not a subsidiary of a holding company incorporated in Australia and which is a subsidiary of a foreign company where that foreign company has its securities listed for quotation on a stock market or those securities are traded on a stock market;*[14]

2.15 The Accounting Bodies told the Committee that there are two reasons for adopting the reporting entity test in preference to the small/large test;

- the test would put companies to the unnecessary expense of having to prepare , and put on a public register, accounts that have no use; and

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[13] Ref to Committee discussions with Task Force, 28 February 1995

[14] AASB accounting Standards 1995, No 1025, Paragraph 27.

- allow other companies to escape proper accountability obligations by denying legitimate users reasonable access to information they need.[15]

2.16 The benefits of the reporting entity test, in the Accounting Bodies' submission was that it had achieved recognition as being generally acceptable as the most appropriate mechanism for determining accountability obligations and, in addition, was not based on apparently arbitrary criteria.

2.17 The Committee was told in evidence by the Accounting Bodies that, in addition to these problems, the small/large test could lead to business-splitting to allow a company to stay below the employee, turnover and asset tests and avoid reporting requirements applied by the reporting entity test.[16]

2.18 The Task Force advised the Committee that the essential difficulty with the reporting entity test was that, while it was relatively sophisticated, it was probably too flexible and subjective a test to be applied with certainty each year to every company, and accordingly uncertain.

2.19 The Australian Securities Commission supported the view of the Task Force and noted in its submission that:

> *The Bill's approach provides a simple and objective test which, from a regulator's and a company's viewpoint, will not lead to any uncertainty about whether the requirement to lodge accounts applies.*[17]

2.20 The Law Council Companies Committee noted in its submission that

> *Reporting requirements based on a 'reporting entity' concept would create considerable uncertainty by reason of the indefinite nature of the criterion for establishing a reporting entity.*[18]

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[15] Accounting Bodies, Submission No. 2., p. 2.

[16] *Hansard,* 22 February 1995, p. 2.

[17] Australian Securities Commission, Submission No. 5, p.2.

[18] Law Council of Australia - Companies Committee, Submission No. 8, p.3, para 5.

2.21 In evidence to the Committee, Mr Hoyle of the Companies Committee noted

> *I think the way we view the reporting entity concept is that it almost boils down to saying that people who should prepare accounts are the ones who are required to do so. It is obviously more sophisticated than that. But we see it as being very vague and difficult to apply as the threshold for a legal obligation. We understand the logic that underpins it. It is obviously in a sense more accurately focused on the real issues than the arbitrary tests which, I think we acknowledge, in some cases are going to be the wrong ones. But we would be concerned as to the ability to enforce them and their certainty.*[19]

The Committee's View on the Small/Large - Reporting Entity Tests

2.22 The Committee, like the Task Force, has found this question a difficult matter to resolve.

2.23 The Committee, on balance, prefers the small/large test as a basis for distinguishing between proprietary companies, and hence determining the requirement for them to prepare accounts.

2.24 While the small/large test is arbitrary to a degree, the test has been acceptably limited by the Bill allowing several factors to control any potential problems for proper company regulation, and - it appears - for users.

2.25 The Bill does this in the following way

- criteria are set at realistic levels which should allow a relatively small number of companies to be close to the small/large division at any one time
- there is an ASC discretion, both to require a small company to prepare accounts and to relieve large companies of reporting requirements
- company members will be able, by virtue of the provisions which allow 5% of shareholders to require a small company to prepare accounts.

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[19] *Hansard*, 22 February 1995, p. 32.

2.26 The Committee accepts the views put to it, and referred to above, that the reporting entity test does not provide a test of sufficient certainty to allow an objective assessment to be made of whether a company falls within the entity test, when compared with the small/large distinction provided in the Bill.

2.27 The Committee considers, on balance, particularly in view of the ASC submission that the test provides a

> *simple and objective test which, from a regulator's and a company's viewpoint will not lead to any uncertainty about whether the requirement to lodge accounts applies.*[20]

that the small/large test be supported over the reporting entity test.

One, Two or Three Criteria

2.28 During its discussions with the Task Force, the Committee queried the effect on the small/large distinction proposed by the Bill of using a test of 'one out of three' and 'three out of three' instead of the two out of three criteria to determine whether a company was a large proprietary company.

2.29 The Task Force indicated that the effect of using a 'one out of three' test would cause more companies than desirable to fall within the large company category. The practical effect of setting up a 'one out of three' test would negate the intended effect of the scheme: to reduce the unnecessary regulatory burden on small business.

2.30 The Task Force also indicated that the effect of setting up a 'three out of three' test would be to impose an unnecessarily restrictive test which would undesirably limit the number of large companies that would be obliged to prepare accounts.

2.31 The Committee asked the Task Force for advice on how many companies would be affected by each of the three tests. The Task Force told the Committee that it had figures, prepared from ASC statistics which indicated that some 98% of currently exempt proprietary companies would qualify as small companies. There was no available analysis of how many companies would test as small or large under the three tests.

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[20] Submission No. 5, p. 2.

2.32 The Committee has found the resolution of questions about an appropriate test for defining a small or large proprietary company extremely difficult.

2.33 The Committee believes that, of the three criteria provided in the Bill, the test of assets and turnover are far and away the most important. The Committee believes these two tests must be included in criteria for distinguishing small from large proprietary companies.

2.34 The Committee was much less convinced that a necessary test for distinguishing a small company was whether a company has more than 50 employees.

2.35 Apart from advice to the Committee from the Task Force that only around 2% of Australian proprietary companies have more than 50 employees, the Committee has no available statistics or analysis as to the effect of dropping the employee test as a criteria.

2.36 New Zealand, a jurisdiction which uses turnover and assets as two of its tests for reporting and non-reporting companies has only recently commenced that regime.

2.37 The Committee has been unable to reach an unqualified view on the test, and believes that the Attorney-General should give serious consideration to two options, namely that the 50 employees criteria remain, or that the test of more than 50 employees be deleted from the Bill and the test for a small/large proprietary company be on the proposed assets and turnover criteria.

Debenture Registers

2.38 The Australian Finance Conference has objected to the provision in proposed section 216D of the Bill which would allow public access to the register of debenture holders. The register will contain each debenture holder's name and address and the amount of debentures held. The current Corporations Law also requires companies to keep a publicly accessible debentures register containing the same information although the ASC is able to exempt registers from publication subject to certain conditions.

2.39 The objections raised by the AFC to a public register are that:

- the privacy of investors' financial dealing are not protected;

- debenture holders do not want public access to their financial details and may shift their funds to other types of investments which provide privacy (ie bank fixed deposits);
- the confidence of debenture holders in a company may be undermined by offers to buy the debentures at a discount;
- restrictions on the use of the information are too limited, competitors could use information on a register to build a general demographic profile of a company's debenture holders;
- debenture holders are a very different relationship to a company than shareholders;
- debenture holders are basically no different to other creditors of a company;
- unfettered access to registers does not improve the marketability of debenture on the secondary market; and
- debenture holders are not in a position to control a company.

2.40 The AFC suggested three options as alternatives to the Bill: abolishing the requirement for a statutory register, applying the provisions to convertible debentures only or giving debenture holders the option to elect to have their personal details withheld.

2.41 The ASC does not support the AFC's views for the following reasons:

- debentures, like shares and options, are defined as securities and are properly regarded as such;
- the Bill reflects the current law. Registers of debenture holders have been open to the public since 1961;
- debenture holders may have degrees of direct, indirect and potential control through convertible debentures, influence or the ability to appoint a receiver;
- a public register facilitates the secondary market in debentures and allows debenture holders to communicate and protect their interests;

- it is important to distinguish the interests of debenture holders in having a public register from those of the issuing corporation;
- bank fixed deposits are covered by the prudential controls over banks and do not confer on depositors any measure of control over the corporation; and
- the new bill improves privacy protection.[21]

2.42 The Task Force has provided the Committee with a letter to it from the Secretary of the Reserve Bank of Australia which expressed its reservations regarding the provision

> *....unless there is strong evidence that existing arrangements are flawed, we would question the need for change. Current access protection could be improved by applying the stronger penalties/remedies in the Simplification proposals to existing access arrangements.*[22]

2.43 The Committee considers that the AFC has raised real concerns about this aspect of the Bill. The Committee agrees that convertible debentures should be treated in the same manner as shares and options and that the Bill not be changed so far as it relates to convertible debentures. However, there seems to be insufficient reason to automatically treat other debentures the same way. The Committee considers that a register should be kept of other debentures but that access to the register should be subject to the same ASC power of exemption as at present together with the privacy regime implemented by the Bill.

2.44 This would protect as far as possible the privacy of debenture holders while ensuring those who have a legitimate reason for accessing the register are able to do so.

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[21] Australian Securities Commission, Submission No. 5, pp.2-4

[22] Letter from the Secretary of the Reserve Bank of Australia to the Convenor of the Task Force dated 27 October, 1994, p. 2.

Recommendation

The Committee recommends that, in relation to debenture registers, the Bill not be amended so far as it relates to convertible debentures. A register of holders of debentures other than convertible debentures, should be provided for in the Bill with access to that register subject to the same ASC power of exemption as presently available, together with the privacy regime implemented by the Bill.

Number of Shareholders and Directors in a Proprietary Company

2.45 Current provisions in the Corporations Law require that there be at least two persons as directors to allow incorporation of a company.

2.46 The change proposed by the Bill overcomes a problem with directors who are, in reality, 'silent directors', who are recruited by the active director to fulfil the current technical requirements of the law, but who have no effective involvement in company management.

2.47 Such people are more often than not spouses, relatives or friends of the active director who, despite their role as silent directors, are still subject to the same liabilities and responsibilities of all company directors.

2.48 As the Committee has noted, silent directors are frequently the spouse or partner of the active director and liable for debts of the active director, notwithstanding no real control of or involvement in a company's administration.

2.49 Attempts to address the problem of small company regulation have been made in the past. The *Close Corporations Act* 1989 was such an attempt. The Act was never proclaimed. The *Close Corporations Act* was designed to enable the adoption of simpler corporate rules for small business by reducing financial and other reporting requirements imposed on small companies.

2.50 In 1992 this Committee took up an inquiry into the Act and how it would affect small business structure. The terms of the inquiry were

> *. . [to] inquire into the creation of a new corporate form tailored to meet the needs of small business. The Committee will examine the unproclaimed Close Corporations Act 1989. That Act had as its object the simplification of the corporate rules for small business by*

reducing financial and other reporting requirements and by abandoning the company law distinction between directors and shareholders in favour of simple principles based on partnership laws. The Committee will also examine suggested amendments to that Act and other corporate structures having the same broad objectives.

2.51 The Committee's report was completed in December 1992. The Committee's central conclusion was that a new form of company, to be known as the `private company' should be created and that the *Close Corporations Act* should be repealed.

2.52 The main recommendations of the Committee's report were that:

- the minimum number of members of the private company should be 2
- the maximum number of members of the private company should be 10
- the private company should not have the capacity to act as a trustee or holding company
- private companies should not be required to keep accounts
- the new rules for private companies should be accompanied by a Guide, written in plain language, for potential users of the corporate structure.

2.53 In July 1993, the Attorney-General's Department issued a paper entitled `Discussion Paper: Report of Joint Parliamentary Committee on Corporations and Securities on the Close Corporations Act 1989'.

2.54 That paper invited public comments on the recommendations of the Joint Committee's report.

2.55 Over 50 submissions were received in response to the Government's Discussion Paper. The vast majority of submissions agreed with the Committee's view that there is a need to streamline the regulation of small companies. However, the submissions also indicated that there was a significant level of concern regarding some of the proposed features of the private company. In particular, there was concern about:

- the limitations on the powers and capacities of the private company, such as its inability to act as a trustee or a holding company or to issue more than one class of shares; and

- the requirement for a minimum of 2 members and the implication that there would be a minimum of 2 directors.

2.56 The Committee accepts that the Bill takes an approach to the question which is preferable to that taken in the *Close Corporations Act* and that recommended by the Committee in its report on the Close Corporations Act.

Concerns Regarding the Measure

2.57 A principal concern regarding the Bill's proposed change came from the Insolvency Committee of the Business Law Section of the Law Council of Australia, which has recommended against allowing companies to be incorporated with only one director.

2.58 The Committee notes that the view of the Insolvency Committee of the Council was not supported by the Companies Committee of the Council.[23]

2.59 The Insolvency Committee's submission was put to the Committee by Mr Hutchinson, a member of that group, said;

> *We consider that, with this move to a single director company, a person who cannot find one single other person who is prepared to come in and share the risks, to be a dangerous move. There has been reference to the fact that it was not considered to be any advantage in the corporate governance of having a second person there. There are a number of instances where having a second person there is of no value, but there has been the untold story where a second director did provide that arm of restraint, that accountability, to the first director to ensure that certain speculative steps were not taken. We will only see, in our submission, an increase in other small businesses suffering if the single director proposal goes forward, because there would not be that accountability that would otherwise be there; it would be the*

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[23] Submissions 8 & 9, Law Council of Australia; and see *Hansard,* 22 February 1995, p. 32.

other person who basically has their neck exposed and on the block.[24]

2.60 The submission to the Committee from the Australian Securities Commission suggested another likelihood regarding single member companies

> *...the new provisions allowing for sole membership and directorships should, in the Commission's view, be used to advantage by 'passive' participants in the corporate venture such as spouses or parents who have no involvement in the business, no knowledge of its workings and, more importantly, no understanding of its financial position. These people will be offered a golden opportunity by the proposed new legislation to make their de-facto positions of non-involvement legal; and the Commission would urge them to take it. Our own contact with the market supports, and perhaps initiated, the Taskforce conclusion that it will be women who stand most to gain from this change - because it is women who in the past have acted as directors of convenience, whereas men have often declined to return the favour.*[25]

2.61 The Task Force's response to this concern about the Bill stressed that the Bill acted to enact changes which were seen as overwhelmingly positive. The changes act to:

> *overcome the problem with 'silent directors' and 'sexually transmitted debt';*
>
> *follow changes of the same sort in the UK and the US;*
>
> *recognise the reality that many small companies are run by one person;*
>
> *realistically act to assist small business, by facilitating single person firms; and,*

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[24] *Hansard*, 22 February 1995, p. 33.

[25] Australian Securities Commission, Submission No. 5, pp.1-2.

extension of credit to a 'sole director' company will be as much a matter for realistic commercial judgment of matters of greater substance than whether a second person is involved in a company.[26]

2.62 The Committee accepts that the change to single director companies is one which should be supported and does not see any reason for the Bill to amended in this respect.

Auditors of Proprietary Companies

2.63 The Accounting Bodies indicated two concerns in relation to the provisions in the Bill governing the audit of the accounts of proprietary companies. One is that the Bill will provide less stringent requirements for appointment of auditors for proprietary companies. The other is that due to a drafting error, if a vacancy occurs in the position of company auditor, the company is not obliged to appoint a replacement auditor, even though the law's intention is that certain proprietary companies be audited.[27]

2.64 The accounting bodies principle concern is that legislative recognition not be given to an 'audit' conducted by other than a qualified and independent auditor. Without such a protection, the possibility arises that the public could be misled about the level of credibility that could be attached to such a report.

2.65 The accounting bodies suggested to the Committee that, so as to overcome the problem, a 'statement by the preparer of the accounts' of a company might be appropriate as a way of clearly identifying the persons responsible for preparing a company's accounts and would commit them to a test as to the accuracy of the accounts.

2.66 In the course of evidence at the public hearing, the Task Force told the Committee that:

...this is not something that is new in principle that is being introduced by the bill. Currently, the Corporations Law allows exempt proprietary companies, whatever their size, to be audited by an officer of the company or a person connected in certain specified ways to an officer of the company. ..What the bill does is extend this existing rule to all proprietary companies. That follows

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[26] Task Force Response, Submission No 1., p.4.

[27] Accounting Bodies, Submission No. 3, p. 3.

on from the abolition in the bill of the distinction between exempt proprietary companies and other proprietary companies.

The issue that has been raised about whether or not one should have an independent auditor in all situations raises, obviously, questions of cost for proprietary companies, which we are mindful of. ... there is at present a working party looking at audit requirements under the legislation, including questions of independence. I imagine that this is an issue that they will want to look at as a matter of principle.[28]

2.67 While the Committee accepts the advice from the Task Force, it would be concerned at any watering down of prescriptions as to who can audit the financial records of a registered company.

2.68 The Committee does not consider that the matter raised by the Accounting bodies requires an amendment to the Bill, but expects that the problem highlighted by the accounting bodies will be addressed by the audit and accounting working party set up under the simplification process.

Reporting Requirements

2.69 The Accounting Bodies are also concerned about the transition provisions which exempt proprietary companies from the financial reporting provisions of the new legislation if they met the old criteria for exempt proprietary companies and satisfied certain other conditions; the Bill's 'grandfathering' provisions. The Accounting Bodies believe that:

> *There is a real risk that trafficking, with the sole purpose of avoiding the public disclosure requirements of the Law, will develop in existing audited exempt proprietary companies.*[29]

2.70 The accounting bodies suggested that the possibility existed that trafficking in existing audited exempt proprietary companies would develop, and that the Bill should provide for either a sunset clause of exemption for a limited period of - say - three years, and/or cease the exemption if a significant change in beneficial ownership occurred.

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[28] *Hansard*, 22 February, p. 16.

[29] Accounting bodies, Submission No. 3, p. 3.

2.71 The Task Force response to this point was that, while consideration had been given to the problem, the Task Force decided it should not disturb existing commercial arrangements of proprietary companies which have benefited from existing law.

2.72 The Committee considers that the views of both the Accounting Bodies and the Task Force have merit. On balance the Committee supports the proposals contained in the Bill on this issue.

Proposed Small Business Guide

2.73 The Bill includes a Small Business Guide which will become Part 1.5 of the Corporations Law. The Guide summarises the main provisions of the Law that are likely to be relevant to small companies although the Guide does not, itself, contain operative provisions.[30] The Guide will be able to be amended by regulations to reflect changes in the regulations or in instruments issued by the ASC under the Law. However, any changes to the Guide which result from changes to the Law or the interpretation of the Law will require legislative amendment.

2.74 The Committee strongly supports the introduction of a Guide to aid small business. However, concerns have been raised both in the House and during the Committee's hearing about the inclusion of the Guide in the Act.

2.75 In response to questions about why the Guide was included in the Act the Task Force stated that it would be more accessible there and that:

> *The reason we recommended that the guide be put in the law was that it would improve its status.*[31]

2.76 However, this response begs the question of what the status of the Guide is. In response to a question about whether judges and interpreters of the law will look to the guide the Task Force replied.

> *No, the introductory material makes it clear that the guide gives a general overview as it applies to those companies and directs readers*

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[30] First Corporate Law Simplification Bill 1994, Explanatory Memorandum, p.16.

[31] Mr Ian Govey, Committee Hansard, 22 February 1995, p.10.

to the operatives provisions of the law. In other words, the guide itself is not operative.[32]

2.77 The second area of concern is how the Guide can be amended. If the courts were to interpret the Corporations Law in a manner which rendered the guide inaccurate, Parliament would have to amend the Corporations Law to alter the Guide. This would be necessary even if the Parliament did not wish to alter the Law itself in the light of its interpretation by the courts.

2.78 The Committee believes that the Guide should be retained and made as widely available as possible. While the Committee recognises the potential difficulty of amending the Guide if it is part of the Act it notes the view of the Task Force that placing the Guide in the Act gives it greater emphasis.

2.79 The inclusion of the Guide in the Corporations Law is an innovative measure. The Committee considers that any risk it poses is outweighed by the benefits it promises.

2.80 On balance the Committee agrees that the Guide should be included in the Act in its present form subject to subsequent review by the Attorney-General.

> ***Recommendation***
>
> ***The Committee recommends that the Attorney-General review the inclusion of the Small Business Guide in the Corporations Law after it has been in operation for a reasonable period.***

ASC Power to Require the Preparation of Financial Reports

2.81 During the Committee's deliberations on the Bill, concerns were expressed that the wide discretion given to the ASC under proposed section 317 may be open to abuse. Section 317 allows the ASC to require a small proprietary company to prepare financial reports and to lodge them with the ASC. It was suggested that guidelines setting out the basis for the ASC's exercise of this power, which the ASC proposes to follow, should be tabled in each House at the commencement of each financial year as disallowable instruments.

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[32] Mr Ian Govey, Committee Hansard, 22 February 1995, p.10-11.

2.82 In response members of the Task Force indicated that the use of this type of discretionary power was common in the regulation of securities. In its submission to the Committee the ASC said that:

> *The Commission will give appropriate consideration to the question of circumstances in which it will exercise that power and the guidelines it will adopt to govern its exercise. For example the Commission could exercise the power as a result of receiving a complaint from a member or creditor who has requested financial statements or other information form a member or creditor and received no response; where a creditor suspects insolvent trading; or where a shareholder makes an allegation of oppression. In developing criteria the Commission will, as always, be interested in hearing from the business community and the professions as to the principles it should consider adopting.*[33]

2.83 The Task Force has advised the Committee that the ASC intends preparing and publishing guidelines on its use of this power. The ASC has confirmed this with the Committee. The Committee believes this appropriate and desirable.

2.84 The Committee also believes that the ASC should prepare a quarterly report to the Attorney-General stating the reasons it has given in the relevant quarter for requiring small proprietary companies to prepare accounts, and that the report provided to the Attorney-General be tabled in the Parliament.

2.85 The Corporations Law confers considerable discretion on the ASC in this area and in many other areas. The ASC already publishes Policy Statements indicating the way in which it will administer the Corporations Law, Practice Notes for the guidance of practitioners on reporting and compliance matters, and Class orders modifying the Law in relation to classes or persons. However, the Committee does not believe that a broad examination of the use by the ASC of its discretionary powers is appropriate in the context of this Bill. Given that the ASC intends publishing its guidelines the Committee considers that the Bill should be passed in its present form.

2.86 The Committee may, as part of its statutory monitoring role, review the use of the ASC's discretionary powers.

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[33] Australian Securities Commission, Submission No. 5, p.2.

3. Other Major Issues Raised During Debate on the Bill

Share Buy-backs

3.1 Two concerns were raised in Parliament about the share buy-back provisions. These concerns centred on the Taxation implications of the proposed share buy-back rules and the difficulties of complying with the provisions faced by shareholders who live outside the jurisdiction.

3.2 In its submission the Task Force has stated that the ASC's exemption powers will enable a company to make a selective offer to its Australian shareholders without going through the shareholders approval procedures. The ASC will be able to refuse an exemption where overseas shareholders are being unreasonably excluded.[34] The Committee is satisfied that this approach provides the necessary protection for overseas shareholders while facilitating appropriate buy-back proposals.

3.3 In its submission the Task Force advised the Committee that consultations have been taking place since early 1994 with the Australian Taxation Office to enable any necessary changes to be made to the tax laws. The removal by the Bill of the existing restrictions on the accounts from which funds for buy-backs can be drawn has been widely welcomed.[35] The Committee considers that the Bill deals adequately with this aspect of the taxation implications of the proposed arrangements.

Company Registers

3.4 The Bill eliminates the requirements to keep five registers. These registers contain information about:

- directors, principal executive officers and secretaries (current section 242);
- directors' shareholdings (current section 235);
- substantial shareholders in listed companies (current section 715);

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[34] Corporations Law Simplification Task Force, Submission No.4.

[35] Corporations Law Simplification Task Force, Submission No.4.

- notices of beneficial ownership in listed companies (current section 724); and

- share buy-backs (current section 206VA).

3.5 Concerns were expressed during debate in the House that groups and individuals placed reliance upon these registers. It was stressed that it was important that the public be able to access information conveniently and at reasonable cost.

3.6 With regard to a register of directors, secretaries and principal executive officers, the Bill contains a new section 242 that requires a company to lodge with the ASC a notice of the personal details of each director and the secretary. The new section also requires companies to keep this information up to date. This information will be able to be searched on the ASC database.

3.7 Similarly the requirement to keep a register of directors' shareholdings is replaced by a new section 235. This section requires directors of listed companies to advise the Exchange of their shareholdings and any other relevant interests such as options, debentures and contracts which confer a right to call for or deliver shares. Directors are also required to keep this information up to date. This information will be released to the market, passed on to the ASC and accessible as part of the ASC records.

3.8 The requirement to keep a register of substantial shareholders is also removed from the Corporations Law by the Bill. However, sections 709, 710 and 711 will remain in force. These sections require a substantial shareholder to give notice to the company of their shareholding and of any changes in their interests. Section 713, which requires a listed company to provide copies of these notices to the stock exchange, will also remain in force.

3.9 Although the Bill removes the requirement to keep a separate register of beneficial ownership a company retains the right to require a person to give details of their beneficial ownership of company shares. An unlisted company is required to indicate on its register of shareholders if a member does not hold shares beneficially (proposed section 216B(5)). The register of buy-backs is also being deleted. This information will also be recorded on the publicly accessible share register.

3.10 The Committee has considered this matter and has concluded that the abolition of these registers will not remove any significant information

from the public domain. Most of the information available on these registers is available through the ASC database or from the ASX and is more publicly accessible through those means than through individual registers held by companies. The Committee is satisfied that these changes do not represent any significant reduction in the information available about companies. It considers that the benefits of reducing the administrative burden on companies by abolishing these registers far outweigh any possible detriment.

Reporting by Small Proprietary Companies.

3.11 The Bill removes existing provisions which require small proprietary companies to file returns and exempts them from the requirement to lodge key financial data with the ASC. It was suggested in the House that creditors and others place reliance on the information contained in those returns.

3.12 This issue was considered by the Committee during its hearings on the Close Corporations Act in 1992. The evidence given to the Committee then strongly suggested that banks and other major creditors did not rely upon information contained in annual returns. The information contained in those returns was usually out of date and often unreliable.

> *... the vast majority of accounts of exempt proprietary companies have never complied with the law and will never comply with the law. It is a travesty to continue to have in place provisions in the legislation which say that they shall comply with that aspect of the law in the quality characteristics of financial statements.*[36]

3.13 Witnesses before the Committee at that time indicated that lenders, and even trade creditors, relied on accounts prepared at their request by the business and on personal guarantees from the directors.[37] It was suggested at that hearing that the funds spent by small businesses on compliance costs would be better spent on seeking business advice.[38] These views are consistent with those reported by the Simplification Task Force in its submission.[39]

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[36] Mr Ian Langfield-Smith, Committee Hansard, 16 October 1992, p.220.

[37] Committee Hansard, 22 October 1992, pp.363, 383-385.

[38] Mr John Hassan, Committee Hansard, 22 October 1992, p.364.

[39] Corporations Law Simplification Task Force, Submission No.4.

3.14 The Bill will not relieve companies of the requirement in the tax laws to maintain financial records. The removal of the requirement to file returns for some companies will place their creditors in a position no different from that which they already face in dealing with sole traders and partnerships. The Committee is therefore satisfied that the Bill will not result in any significant reduction in the level of protection for creditors.

4. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.1 The Committee notes that an extensive consultative process has been undertaken during the preparation and drafting of the Bill. The Bill has received general support from the investment, professional and user groups interested in the Bill. (para 1.44)

4.2 Subject to the specific matters the Committee recommends below, the Committee considers the Bill should be passed by the Parliament. (para 1.44)

4.3 The Committee has been unable to reach an unqualified view on the small/large test, and believes that the Attorney-General should give serious consideration to two options, namely that the 50 employees criteria remain, or that the test of more than 50 employees be deleted from the Bill and the test for a small/large proprietary company be on the proposed assets and turnover criteria. (para 2.37)

4.4 The Committee recommends that, in relation to debenture registers, the Bill not be amended so far as it relates to convertible debentures. A register of holders of debentures other than convertible debentures, should be provided for in the Bill with access to that register subject to the same ASC power of exemption as presently available, together with the privacy regime implemented by the Bill. (para 2.44)

4.5 The Committee does not consider that the auditing issue raised by the Accounting Bodies requires an amendment to the Bill, but expects that the problem highlighted by the Accounting Bodies will be addressed by the audit and accounting working party set up under the simplification process. (para 2.68)

4.6 The Committee recommends that the Attorney-General review the inclusion of the Small Business Guide in the Corporations Law after it has been in operation for a reasonable period. (para 2.80)

4.7 The Committee also believes that the ASC should prepare a quarterly report to the Attorney-General stating the reasons it has given in the relevant quarter for requiring small proprietary companies to prepare accounts, and that the report provided to the Attorney-General be tabled in the Parliament. (para 2.84)

Stephen Smith
Chairman

DISSENTING REPORT

Definition of Small and Large Proprietary Companies

Following compelling submissions presented to the Joint Parliamentary Committee on Corporations and Securities by the Society of Certified Practising Accountants and the Institute of Chartered Accountants, I dissent from the Committee recommendation to support the small-large test over the reporting entity test.

The Committee discussed at length publicly and privately the merits of the existing requirements and the proposed amendment on small companies to prepare financial reports to be lodged with Australian Securities Commission. The Committee report sufficiently and extensively deals with the arguments on pages 10 - 16.

My support for the reporting entity test is substantially based on:

1. The test is a well established and accepted Accounting Standard;

2. It is simpler or at least no more arbitrary than the small versus large test given the three required size factors namely, gross assets, revenue and employment; and

3. Companies in which it is reasonable to expect the existence of users, dependant on financial reports for information will escape proper accountability by falling below the threshold test. This was borne out by a comment made by Mr Hall, chair of the Corporations Law Simplification Consultative Group.

Mr Hall - *On the large-small test, we are all aware of what has occurred on previous occasions when proposals have been made that companies of a certain size and above should make their accounts public. On those occasions, people associated with the Law Society, with the BCA, with the Institute of Directors have gone absolutely berserk, saying, 'how dare people want to know what our private affairs are?' That last occurred two years ago when CASAC made a presentation. I was in the eye of that storm. I come from an investment background where the important thing in our industry is disclosure. As far as I am concerned, if sunlight is the best disinfectant, the more disclosure the better.*

*However, I am aware of community attitudes as to what should be disclosed and what should be private. For myself, I was swayed by those views in tempering my position, which is one of wanting more disclosure, to agreeing with the proposal in the first bill,.....(*Joint Committee on Corporations and Securities Hansard, 28 February 1995).

Senator Julian McGauran

APPENDIX A

SUBMISSIONS RECEIVED BY THE COMMITTEE

1. Australian Finance Conference
2. Accounting Bodies
3. Corporations Law Simplification Consultative Group
4. Corporations Law Simplification Task Force
5. Australian Securities Commission
6. Australian Accounting Standards Board
7. Insolvency Committee, Business Law Section, Law Council of Australia
8. Companies Committee, Business Law Section, Law Council of Australia
9. Australian Shareholders' Association
10. Australian Chamber of Commerce and Industry

APPENDIX B

WITNESSES AT HEARINGS

Accounting Bodies

Michael McKenna	Executive Director, Australian Society of Certified Practising Accountants
Colin Parker	Director, Accounting and Audit, Australian Society of Certified Practising Accountants
Greg Pound	Director, Auditing Standards, Australian Accounting Research Foundation
Keith Reilly	Director, Technical Standards, Institute of Chartered Accountants in Australia

Australian Finance Conference

Leigh Batchelor	Treasurer, Esanda Finance Corporation
John Bills	Associate Director, Australian Finance Conference
Ron Hardaker	Executive Director, Australian Finance Conference
Geoff Kimpton	General Manager, Consumer, Australian Guarantee Corporation

Law Council of Australia

Michael Hoyle	Deputy Chairman, Companies Committee, Law Council of Australia
Grant Hutchinson	Member, Insolvency Committee, Law Council of Australia

Corporations Law Simplification Task Force

Ian Govey	Convenor, Simplification Task Force
Robert Eagleson	Member, Simplification Task Force
Claire Grose	Member, Simplification Task Force
Vince Robinson	Member, Simplification Task Force