



Companies Bulletin

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Key topics

- 1. Corporate Governance Council

Reading List

- 1. Chief Executive Officers
- 2. Chief Financial Officers
- 3. Company Secretaries
- 4. Legal Counsel

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COMPANIES UPDATE

Set out below is a statement issued by the Corporate Governance Council following its third meeting held today at the Australian Stock Exchange.

CORPORATE GOVERNANCE COUNCIL

The Corporate Governance Council held its third meeting today at the Sydney offices of Australian Stock Exchange (ASX).

The meeting was opened and chaired by ASX Executive General Manager, Issuers and Market Integrity, Ms Karen Hamilton and attended by ASX Managing Director and CEO, Mr Richard Humphry. Senator, the Honorable Ian Campbell, Parliamentary Secretary to the Treasurer addressed the meeting and congratulated the ASX on the leadership position that the Council was taking in relation to enhancing corporate governance practices in Australia, while recognizing that Australia already had a strong regulatory and governance framework.

Senator Campbell noted the opportunities for the Council to play a significant role in developing corporate governance standards, drawing on the extensive experience of the Council to develop Australia as a world leader in corporate governance, recognizing the need for dynamic, market-focused principles. In particular, Senator Campbell stressed the need to maintain an adaptable, disclosure-based mechanism for governance practices, recognizing the evolving nature of the market and the increasing volume and complexity of information available to shareholders.

The Council considered progress to date across a broad range of reform priorities and reaffirmed the intention to release its best-practice corporate governance guidelines in March of next year. These guidelines will be developed from the analysis of the various working groups set up by the Council, considering matters such as board composition and independence; directors' competency; remuneration; employee share trading; financial reporting integrity; risk management; and shareholder participation.

The Council agreed on the importance of adopting a framework sufficiently flexible and pragmatic to be applicable to both the largest companies on the ASX list, which make up the All Ordinaries index and the 1,000 far smaller companies that make up the market outside that index. Senator Campbell noted the need to take account of the cost impact of measures such as audit committees, particularly for smaller companies.

The Council also agreed that all companies, large and small, should consider the development and implementation of best practice corporate governance as a performance enhancement opportunity, rather than as an impost and a compliance issue. Australian governance standards compare well with many significant overseas practices and many companies would be able to enhance their strategic positioning through an emphasis on this feature.

The Council was addressed by the ASX on its plans for the Enhanced Disclosure reforms to the Listing Rules, which Ms Hamilton said would be released later this month.

The meeting was convened by ASX, and attended by representatives of Association of Superannuation Funds of Australia Ltd, Australasian Investor Relations Association, Australian Council of Super Investors, Australian Institute of Company Directors, Australian Institute of Superannuation Trustees, Business Council of Australia, CPA Australia, Chartered Secretaries Australia, Institute of Chartered Accountants in Australia, National Institute of Accountants, Investment and Financial Services Association, Group of 100, Institute of Actuaries Australia, Institute of Internal Auditors Australia, International Banks and Securities Association of Australia, Securities and Derivatives Industry Association, and Securities Institute of Australia, Law Council of Australia and representatives of the working groups including Blake Dawson Waldron.

The Council agreed to meet again on 20 December 2002.