COMPANIES UPDATE

CONTINUOUS DISCLOSURE AND CHIEF EXECUTIVE OFFICER REMUNERATION

On 31 March 2003 the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations were released.

In the area of remuneration, the commentary to the Best Practice Recommendations reminds entities that entering into employment agreements with key executives, or the crystallisation of obligations under such agreements, may trigger a continuous disclosure obligation.

Listing Rule 3.1 provides that once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information. Information which a reasonable person would expect to have a material effect on the price or value of the entity’s securities for the purposes of listing rule 3.1 is not confined to information that is relevant because of its $ value. It can extend to matters of strategic and operational import likely to influence an investment decision.

The expectations of the reasonable investor evolve over time and ASX is committed to administering listing rule 3.1 in a way that reflects these evolving standards. Discussion at the ASX Corporate Governance Council stressed the importance of enhanced disclosure of remuneration policies, their costs and benefits and the link to performance. Concerns were expressed to ASX in this forum about the amount and timing of information made available to investors concerning the key terms and conditions of employment contracts entered into with the chief executive officer (CEO) of a listed entity. Accordingly ASX will expect entities announcing the appointment of a new CEO to disclose the key terms and conditions of the relevant contract entered into. As a matter of course, entities not releasing such information will be queried as to why such terms and conditions are not considered material and will be asked to provide additional disclosure. This new policy is effective now.

Listed entities are advised that to the maximum extent practicable, the market should be made aware of the components of the CEO’s pay package which might govern the actions of the CEO and drive levels of performance. For example, what proportion is base pay, what proportion is performance-related and over what time frame, what proportion is tied to movements in the share price (and over what duration), whether there is an add-on for longevity, the nature of termination entitlements and any other built-in components. While this will not necessarily include the quantum of components, the Corporations Act will require detailed disclosure in the annual report in any event.
In addition to complying with the requirements of the continuous disclosure regime, listed entities are encouraged to think carefully about more constructive and useful communication with investors about the entity’s remuneration policies and ensure that disclosure practices are designed to enhance investor understanding of key aspects of the entity’s remuneration framework and its link to performance. ASX believes enhanced communication in this area is vital to maintain investor confidence.

FORUMS TO DISCUSS ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND BEST PRACTICE RECOMMENDATIONS

Listed entities will have received copies of the ASX Corporate Governance Council guidelines as part of a mail out to all Listing Rule subscribers on 31 March 2003. The guidelines are also available from our website, www.asx.com.au/corporategovernance.

ASX is encouraging entities to consider early adoption of the guidelines and to report by reference to the guidelines in their annual reports this year. This will facilitate constructive feedback to the Council on implementation issues. It will also demonstrate the commitment of listed entities to enhanced corporate governance practices and disclosure about them to investors and by that commitment, the relevance and suitability of the principles based, disclosure approach that is encapsulated in the guidelines.

In order to assist companies and other stakeholders in the implementation and interpretation of the guidelines, and to understand the reporting requirements and triggers for disclosure within the guidelines, ASX is involved in a number of educational roadshows, seminars and awareness raising programs nationwide. ASX Corporate Governance Council members such as the Securities Institute of Australia, Australian Institute of Company Directors, Chartered Secretaries of Australia and the Australian Shareholders Association are hosting educational sessions in major capital cities. A number of peak accounting and legal firms are also hosting similar programs. Entities who would like details of local programs or who are interested in organising a forum with ASX to learn more about current corporate governance and disclosure issues are urged to contact their ASX Companies Advisor.

MANDATORY ELODGEMENT

Over the past few months many listed entities have joined ASX Online in preparation for the introduction of mandatory eLodgement on 1 July 2003. As at 28 April 2003, there were 1,353 listed entities that have joined ASX Online and over 75% of announcements are now being eLodged with ASX. These eLodged announcements are being released to the market (in native “pdf”) in full colour and unedited via ASX ComNews.

Listed entities are reminded that the speed and reliability of ASX Online is largely determined by the quality of the ISP and the type of connection. Some entities using dial-up services and/or small ISPs have experienced slow response, particularly when eLodging large documents. Listed entities concerned with issues relating to response speed, should investigate service alternatives such as broadband services from larger ISPs (eg Telstra, Optus, etc).

REPORTING FOR MINERAL RESOURCES AND ORE RESERVES - EXTENSION OF THE COMPETENT PERSON PROVISION OF APPENDIX 5A - ROPOs

Listed entities reporting to ASX on mineral exploration results, mineral resources and ore reserves are required to comply with Appendix 5A of the ASX Listing Rules, which comprises the Australasian Code for Reporting for Mineral Resources and Ore Reserves (The JORC Code). The JORC Code contains certain requirements in relation to “Competent Persons” who may prepare documentation on which reports to ASX under Chapter 5 and Appendix 5A are based.

As a result of the rapid globalisation of resource/reserve reporting standards and the increasing adoption worldwide of reporting standards based on or similar to the JORC Code, ASX has agreed with JORC and its parent organisations to expand the ambit of “Competent Person” to encompass members of a number of overseas professional organisations, known as Recognised Overseas Professional Organisations (ROPOs).

The initial list of ROPOs agreed between ASX and JORC will be available on the ASX website at www.asx.com.au and ASX Online as of Friday, 2 May 2003.
The ROPO scheme applies only in respect of reports prepared under the JORC Code and does not address the issue of companies wishing to report to ASX under reporting standards other than the JORC Code.

ASX will continue to work closely with JORC to ensure that reporting by ASX listed mining and exploration entities is of the highest standard globally. ASX believes that the ROPO scheme and other developments both locally and internationally is of great benefit to all stakeholders with an interest in the establishment of high quality national and international reporting standards for the minerals industry.

**MSCI RANKINGS**

As at 31 March 2003, Australia is now ranked 8th in the MSCI World Index Country Weightings. This is a reflection of the calibre of our listed entities and the integrity and efficiency of the Australian market.