



GROUP OF 100

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The Manager
Corporate Governance and Reporting Unit
Corporations & Capital Markets Division
The Treasury
Langton Crescent
PARKES ACT 2600

corporationsamendments@treasury.gov.au

Dear Sir/Madam

Corporations Law Amendments 2014

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with the purpose of advancing Australia's financial competitiveness. We are pleased to comment on the proposed amendments and strongly support the Government's 'Cutting Red Tape' initiatives.

Removal of the 100 member rule: The G100 supports the proposed amendment to remove the 100 member rule and to rely on the requirement of members with a total of 5 per cent of voting shares to request a general meeting of the company. We believe that this proposal will contribute to a reduction in costs including more efficient use of executive time and reduce red tape imposed on business.

Test for payment of dividends: While we support the proposal to rely on the solvency test in respect of the payment of dividends, we are disappointed that issues relating to the franking status of dividends are not addressed. As indicated in our previous submissions on this topic we believe that the solvency test and directors' statement are a sufficient safeguard for creditors and shareholders. We also support the proposal to include details of the source of the dividend payments when dividends are not paid out of profits which is unlikely to increase compliance burdens when compared with existing requirements.

Determining a company's financial year: The G100 supports the proposal to clarify the operation of the current law.

Improving disclosure in remuneration reports: While the G100 supports these proposals to modify the disclosure requirements in respect of options granted to key management personnel we suggest that the general description of the remuneration framework could be included on the company's website rather than being repeated in the annual report each year. The flexibility introduced by the ASX Corporate Governance Council in respect of the corporate governance report bears consideration in this context.

However, these proposals do not address the excessive requirements for reporting on executive remuneration. Simplifying the remuneration report would facilitate understanding by shareholders and other users. For example, a PWC survey of the remuneration reports of ASX 35 listed companies revealed the following about remuneration reports:

- an average length of 21 pages with the longest being 39 pages;
- comprised 14% of the Annual report;
- contained a glossary of 30 items;
- included 20 tables; and
- contained the largest number of footnotes with 98 footnotes in one report.

Governance Australia (formerly Chartered Institute of Secretaries Australia) reported that it is not unusual for statutory remuneration reports to be largely impenetrable to the lay reader.

Other items: The G100 also supports the remaining the audit appointment requirements of some companies limited by guarantee, the relief from preparing a remuneration report for unlisted disclosing entities, the Takeovers Panel and the extension of the responsibilities of the Remuneration Tribunal.

Sincerely
Group of 100 Inc



Neville Mitchell
President

