

15 December 2014

Manager
Corporations and Schemes Unit
Financial System and Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: corporations.amendments@treasury.gov.au

Dear Sir or Madam

Exposure Draft – Corporations Amendment (Remuneration Disclosures) Regulation 2014

CPA Australia and Chartered Accountants Australia and New Zealand (Chartered Accountants ANZ) represent over 250,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia.

Thank you for the opportunity to comment on the proposed amendments to the *Corporations Regulations 2001* (the Regulations) contained in the above Exposure Draft (ED). We have considered the proposed amendments and our comments follow.

The proposed amendments

The proposed amendments aim to address inconsistencies in the Regulations and streamline the reporting requirements by:

- limiting disclosure of equities that relate to the disclosing entity
- requiring certain remuneration disclosures to be separated into classes of equity instruments
- clarifying the scope of the disclosures in relation to certain limited-recourse loans; and
- making other minor amendments to ensure consistency between these provisions and existing reporting requirements.

We welcome the fact that the ED addresses a number of issues raised in our previous submissions on the *Corporations and Related Legislation Amendment Regulation 2013 (No. 1)*. Therefore, we support the proposed amendments to the Regulations to achieve this outcome.

However, we note that the proposed changes to Subregulation 2M.3.03(1) (table item 14) and Subparagraph 2M.3.03(3)(b)(i), replacing “issuing entity” with “disclosing entity”, may have unintended consequences should the issuer/grantor be an entity other than the disclosing entity (e.g. a subsidiary). We therefore recommend that the term “issuing entity” is not replaced.

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We also note that there still appear to be duplicative requirements in the *Corporations Act 2001* (the Act) and the Regulations, such as requirements relating to options in Section 300(1)(d) and Section 300A(1)(c) Subregulation 2M.3.03 (1) items 15 and 17.

We therefore recommend that Treasury undertakes a comprehensive review of the Act and the Regulations in respect of all governance disclosures about executive remuneration. The objective of the review would be to identify duplicative requirements for removal and opportunities for further streamlining of remuneration reporting.

If you would like to discuss our request further please contact either Mark Shying (CPA Australia) mark.shying@cpaaustralia or Michael Fraser (Chartered Accountants ANZ) michael.fraser@charteredaccountantsanz.com.

Yours faithfully



Stuart Dignam
General Manager – External Positioning
CPA Australia Ltd



Rob Ward
Head of Leadership and Advocacy
Chartered Accountants Australia and New Zealand