

Chapter 1

Introduction

Referral of the bill

1.1 On 27 November 2014, the Senate referred the provisions of the Corporations Legislation Amendment (Deregulatory and Other Measures) Bill 2014 (the bill) to the Senate Economics Legislation Committee (the committee) for inquiry and report by 11 February 2015.¹ The bill was introduced to the House of Representatives on 22 October 2014 and passed on 27 November 2014.²

1.2 The main reason for supporting the referral of this legislation to the committee was to gain an understanding of the effect on shareholder participation.³

1.3 The committee advertised the inquiry on its website and invited a number of stakeholders to make submissions by 20 January 2015. The committee received 14 submissions, all of which are available on the committee's website.⁴ A list of the submissions received can be found at Appendix 1.

1.4 The committee resolved not to hold a public hearing but to base its report on the submissions received. It did, however, write to the Department of the Treasury seeking additional information in order to clarify some matters raised in submissions. See Appendix 2 for the responses.

1.5 The Senate Standing Committee for the Scrutiny of Bills had no comments in relation to the bill.⁵

Purpose of the bill

1.6 The bill amends the *Corporations Act 2001* (Corporations Act) and the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to remove unnecessary regulation, clarify existing regulatory obligations and make the operation of certain government bodies more efficient.⁶

1 *Journals of the Senate*, No. 70—27 November 2014, p. 1891.

2 *House of Representatives Hansard*, 22 October 2014, pp. 11670–11673 and *House of Representatives Hansard*, 27 November 2014, pp. 12437–13452.

3 Selection of Bills Committee, *Report No. 15 of 2014*, 27 November 2014, Appendix 1.

4 See www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics

5 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest No. 15 of 2014*, 19 November 2014, p. 27.

6 Explanatory Memorandum, p. 3.

1.7 The Explanatory Memorandum of the bill states that the key measures of the bill would:

- better balance the rights of shareholders to raise issues with a company and the costs to companies of being required to call and hold a general meeting;
- improve and reduce remuneration reporting requirements;
- clarify the circumstances in which a financial year may be less than 12 months;
- exempt certain companies limited by guarantee from the need to appoint or retain an auditor;
- improve the operation of the Takeovers Panel by allowing takeover matters to be dealt with more efficiently; and
- extend the Remuneration Tribunal's remuneration setting responsibility to include certain Corporations Act bodies.⁷

The main provisions of the bill

1.8 If enacted, the main provisions of the bill would amend the Corporations Act by:

- withdrawing the rights of 100 shareholders to call an extraordinary general meeting of a listed company;
- allowing companies not to report the value of options, if lapsed, in the remuneration of key management personnel;
- providing that unlisted companies are not required to prepare a remuneration report;
- clarifying when a financial year may be less than 12 months; and
- exempting certain companies limited by guarantee from the need to appoint or retain an auditor.

1.9 The bill also amends the ASIC Act to give extra power to the Remuneration Tribunal to fix remuneration for certain Corporations Act bodies, as well as enhance the operation of the Takeovers Panel.

Financial savings, regulatory impact and human rights issues

1.10 According to the Explanatory Memorandum, the amendments made by the bill do not have a budgetary impact for the Commonwealth.⁸ However, the bill is expected to lead to a net reduction of compliance costs borne by business.⁹

7 Explanatory Memorandum, p. 3.

8 Explanatory Memorandum, p. 3.

9 Explanatory Memorandum, p. 4.

1.11 The Explanatory Memorandum states that the proposed changes to the Act raise no human rights or freedom issues.¹⁰

Structure of this report

1.12 The following chapter looks at the provisions of the bill and discusses concerns about the bill raised in submissions.

Acknowledgement

1.13 The committee would like to thank all the individuals and organisations that participated in the inquiry.

10 Explanatory Memorandum, p. 4.

