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22 January 2015

Dr Kathleen Dermody
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Re: Corporations Legislation Amendment (Deregulatory and Other Measures) Bill 2014

Dear Dr Dermody

ANZ wishes to make a submission on the Corporations Legislation Amendment Bill 2014. ANZ supports the proposed legislation as sensible measures to keep the Corporations Act in line with current business practice and reality.

100 Member Rule

The rule contained in the Corporations Act forces a company to hold a general meeting on the request of the shareholders with: (a) at least 5 per cent of the votes that may be cast at the general meeting; or (b) at least 100 members who are entitled to vote at the general meeting.

Only part (b) of the rule is proposed to be removed under the proposed Bill. Shareholders with 5 per cent or more of the votes will be able to requisition a general meeting.

The rationale for abolition of the rule is that the convening of a meeting is excessively costly for a corporation which may be forced to hold an extraordinary general meeting on the basis of a very small number of shareholders.

ANZ incurs costs of approximately \$600,000 for each Annual General Meeting. It is unreasonable for a small number of shareholders to put a corporation and the large majority of shareholders to such a large expense.

The need to encourage shareholder participation which is an important element of financial markets must be balanced against the need to manage the costs to the company and the fact that the vast majority of shareholders are not calling for a meeting.

Requiring 5 per cent of voting shares to call a general meeting achieves a better balance between the rights of shareholders to have matters addressed and allowing directors to run a company effectively.



This rule provides an appropriate statutory protection of shareholder rights. Small shareholders can continue to use the 100 member rule to put a resolution to the board under section 249N of the Corporations Act but must wait until the scheduled annual general meeting to do so. They can also distribute a shareholders' statement with the notice convening the meeting.

This is reasonable. There must be a balance in regard to shareholders rights to raise a matter and the sensible management of a corporation.

Shareholder activism is a component of corporate governance. Shareholders will be able to put issues to the annual general meeting and instigate a discussion at the meeting.

ANZ strongly supports the removal of the ability of 100 voting members to call a general meeting. The restriction of this right to 5 per cent of voting members will ensure that a balance is met between protecting the rights and interests of small shareholders and ensuring that companies are not unduly disturbed in their day-to-day operations.

Improving Remuneration Reporting

ANZ supports this measure as a sensible measure to clarify how remuneration is reported to shareholders. We would encourage the Government to consider further improvements in the transparency of remuneration reporting and removal of unnecessary complexity from remuneration reports.

Other Measures

In as much as ANZ has an interest in the remaining amendments in the Bill, we support them as sensible measures to reduce the red tape burden on the operation of companies and clarification of the existing state of the law.

Please contact me should you have any queries regarding this submission or require any further information.

Yours sincerely

Rob Lomdahl

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