

Crest

The Parliament of the Commonwealth of Australia

**REPORT ON THE
CORPORATE LAW ECONOMIC
REFORM PROGRAM BILL 1998**

PARLIAMENTARY JOINT COMMITTEE ON
CORPORATIONS AND SECURITIES

MAY 1999

The Parliament of the Commonwealth of Australia

**REPORT ON THE
CORPORATE LAW ECONOMIC
REFORM PROGRAM BILL 1998**

PARLIAMENTARY JOINT COMMITTEE ON
CORPORATIONS AND SECURITIES

MAY 1999

© Commonwealth of Australia 1997

ISBN 0 642 71012 0

**This document was produced from camera ready copy produced by the
Parliamentary Joint Committee on Corporations and Securities
Secretariat and printed by the Senate Printing Unit, Parliament House,
Canberra**

MEMBERSHIP OF THE COMMITTEE

Membership 39th Parliament

Senator Grant Chapman, (Chairman)

Mr Bob Sercombe, MP, (Deputy Chairman)

Senator Stephen Conroy

Senator Barney Cooney

Senator the Hon Brian Gibson

Senator Andrew Murray

Ms Julie Bishop, MP

Mr Ross Cameron, MP

Mr Kevin Rudd, MP

Dr Andrew Southcott, MP

Membership 38th Parliament

Senator Grant Chapman, (Chairman)

Hon Leo McLeay, MP, (Deputy Chairman)

Senator Stephen Conroy

Senator Barney Cooney

Senator the Hon Brian Gibson

Senator Andrew Murray

Mr Larry Anthony, MP

Mrs Ricky Johnston, MP

Mrs De-Anne Kelly, MP

Mr Kelvin Thomson, MP

Committee Secretary

Mr Frank Nugent

DUTIES OF THE COMMITTEE

Section 243 of the *Australian Securities Commission Act 1989* sets out the duties of the Committee as follows:

The Parliamentary Committee's duties are:

- (a) to inquire into, and report to both Houses on:
 - (i) activities of the Commission or the Panel, or matters connected with such activities, to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; or
 - (ii) the operation of any national scheme law, or of any other law of the Commonwealth, of a State or Territory or of a foreign country that appears to the Parliamentary Committee to affect significantly the operation of a national scheme law;
- (b) to examine each annual report that is prepared by a body established by this Act and of which a copy has been laid before a House, and to report to both Houses on matters that appear in, or arise out of, that annual report and to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; and
- (c) to inquire into any question in connection with its duties that is referred to it by a House, and to report to that House on that question.

TERMS OF REFERENCE

On 10 December 1998 the Senate resolved that:

the provisions of the Corporate Law Economic Reform Program Bill 1998 be referred to the Parliamentary Joint Committee on Corporations and Securities for inquiry and report by 22 April 1999.

On 21 April 1999 the Senate agreed that:

the time for the Parliamentary Joint Committee on Corporations and Securities to present its report on the Corporate Law Economic Reform Program Bill 1998 be extended to 29 April 1999.

On 29 April 1999 the Senate agreed that:

the time for the Parliamentary Joint Committee on Corporations and Securities to present its report on the Corporate Law Economic Reform Program Bill 1998 be extended to 11 May 1999.

TABLE OF CONTENTS

	Page No.
MEMBERSHIP OF THE COMMITTEE	iii
DUTIES OF THE COMMITTEE	v
TERMS OF REFERENCE	vii
 REPORT	
1. Introduction	1
2. Directors' Duties and Corporate Governance	5
3. Takeovers	9
4. Fundraising	29
5. Accounting Standards	45
6. Conclusions and Recommendation	53
 FURTHER COMMENTS	
Australian Labor Party Members' Report	57
Supplementary Report by Senator Andrew Murray	69
Additional Contribution by Senator Cooney	79
 APPENDICES	
A. Submissions received by the Committee	85
B. Witnesses at hearings	89