

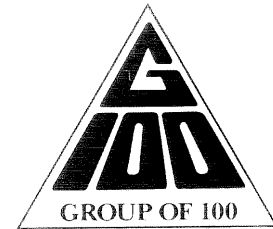
GROUP OF 100 Inc.

ABN 83 398 391 246

An association of Australia's senior Finance Executives
from the nation's business enterprises

National Secretariat

Level 28, 385 Bourke Street
Melbourne, Victoria 3000
Telephone: (03) 9606 9661
Facsimile: (03) 9670 8901
Email: g100@group100.com.au
www.group100.com.au



22 April 2004

Dr. Kathleen Dermody
Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
SG64 Parliament House
CANBERRA ACT 2600

Dear Dr Dermody

CLERP 9 Hearings

During the Group of 100 (G100) appearance before the Joint Committee on 18 March 2004 we undertook to provide further input on the following matters raised by members:

- a. *Whether S299A can only be interpreted as requiring disclosure on environmental and social matters.*

In the context of providing a review of operations, financial position and business strategies and prospects, a company would report on environmental and social matters where these have had a significant impact on the performance of the current financial year and where they may have a significant impact on future financial years. These matters, while important, are one of a number of factors which warrant discussion in an operating and financial review.

The G100 views the proposed S299A as having a much broader remit and broader expectations for reporting to users than only environmental and social matters. We consider that an appropriate response to complying with S299A would require a balanced and objective assessment of the overall activities of the company.

- b. *Whether the proposals regarding true and fair view should be reinstated.*

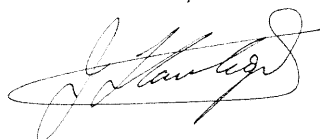
The G100 considers that the present legislative requirements in respect of 'true and fair view' are adequate and as noted in our submission to Treasury on CLERP 9 (29 November 2002) agree with the proposals to retain the existing true and fair requirements.

-2-

c. *Whether the internal auditor should report directly to the Audit Committee.*

As a management activity dealing with, amongst other things, risk assessment and risk management the appropriate reporting line is within the management structure. This does not resile from the fact that the Chairman of the Audit Committee should have access to the internal audit manager. This presently occurs as part of good practice and as part of the operating guidelines for an Audit Committee. To require the internal audit manager to report to both line management and the Audit Committee Chairman would place the internal audit function as it is presently constituted in an invidious position. To require the internal auditor to report only to the Audit Committee Chairman is tantamount to having that activity performed outside the management structure of the company and, in our view, would be inappropriate.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John V Stanhope', written in a cursive style.

John V Stanhope
National President