



**CHARTERED SECRETARIES
AUSTRALIA**

Leaders in governance

11 May 2006

Mr Geoff Miller
General Manager
Corporations and Financial Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email to: gmillier@treasury.gov.au

Dear Mr Miller

Corporations Amendment Bill (No 2) 2005

For many years Chartered Secretaries Australia (CSA) has been keen to see the repeal of the rule allowing 100 members to requisition general meetings of companies (the 100 member rule) and legislative provisions to ensure the voting intentions of members are carried out by appointed proxies by prohibiting the 'cherry picking' of proxy votes. We have made multiple submissions on these issues and brought together a business coalition both in 2001 and 2005 that endorsed these reforms.

CSA is the peak professional body delivering accredited education and the most practical and authoritative training and information on governance, as well as thought leadership in the field. We are an independent, widely-respected influencer of governance thinking and behaviour in Australia and represent over 8,000 governance professionals working in public and private companies. Our members are all involved in governance, corporate administration and compliance with the *Corporations Act* and we have drawn on their experience in the formulation of each submission on these matters.

- 1 Calling a general meeting or a meeting of members of a managed investment scheme when requested by members — sections 249D and 252B

CSA fully supports the amendments to sections 249D and 252B that removes the 100 member rule, while retaining the provision that allows members with 5 per cent of the votes that can be cast at the general meeting to requisition a general meeting at the expense of the company.

- 2 Electronic circulation of members' resolutions and members' statements — sections 249O and 249P

CSA supports the amendments to sections 249O and 249P to facilitate the electronic circulation of members' resolutions and members' statements, which will ensure that related communications accord with the member's preferred communication medium. A significant number of companies represented by our members has already put such measures in place and are benefiting from reductions in the expenses of distribution.

3 'Cherry picking' of proxy votes — subsections 250A(4) and 250A(5)

CSA fully supports the amendments to subsections 250A(4) and (5) to ensure the voting intentions of members are carried out by appointed proxies by prohibiting the 'cherry picking' of proxy votes. CSA raised this matter in 2003 and has made a number of submissions since that time.

CSA recognises that imposing a blanket obligation on all proxy holders is too onerous, as persons may be unknowingly appointed as proxies or there may be legitimate circumstances where a person other than the chair is unable to vote on a poll at all. While we recognise that it is not feasible to mandate that all proxies held be voted, the amendments in the Exposure Draft at least cover the position of those with the most likely power to influence a vote.

CSA members have suggested previously that it would be useful to clarify that, in the case of officers (that is, directors and company secretaries), there should be mandatory voting or deemed voting, which means the votes could pass to the chairman in the event the votes are not cast (for example, someone leaves a meeting early). CSA is disappointed that this suggestion has not been picked up.

4 Disclosure of proxy voting — subsection 250J(1A)

CSA supports the amendments to the requirements relating to the disclosure of proxy votes (subsection 250J(1A)). The chairman cannot accurately inform the meeting how proxy votes are to be cast, and disclosing proxy votes can often be seen as provocative when matters are decided on a show of hands. Members can feel that the disclosure interferes with views expressed at the meeting.

We agree that repealing this provision will not preclude the chair of the meeting from providing the information if and when they so desire or if the members request it.

We also note that listed companies will still be required to disclose such details to ASX, even if the matters are decided by a show of hands and not put to a poll. We believe that the provisions of section 251AA – Disclosure of proxy votes – listed companies should be revisited.

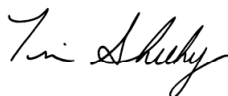
5 Disclosure of information filed overseas — section 323DA

CSA supports the repeal of section 323DA that currently requires companies to disclose information reported to overseas exchanges. This is a matter for ASX and its Listing Rules.

6 Updating references to Patents/Trade Marks/Design legislation
— section 279(5)

CSA supports the amendments to section 279(5).

Yours sincerely



Tim Sheehy
CHIEF EXECUTIVE