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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CORPORATIONS LEGISLATION AMENDMENT (DEREGULATORY AND
OTHER MEASURES) BILL 2014

EXPLANATORY MEMORANDUM

(Circulated by the authority of the
Treasurer, the Hon J. B. Hockey MP)

Table of contents

Glossary	1
General outline and financial impact	3
Chapter 1 Requesting a general meeting.....	5
Chapter 2 Improving remuneration reporting.....	9
Chapter 3 Clarifying the financial year.....	13
Chapter 4 Streamlining auditor appointment requirements for companies limited by guarantee	17
Chapter 5 Improving the efficiency of the Takeovers Panel	21
Chapter 6 Improving the efficiency of Government remuneration processes	23
Chapter 7 Statement of Compatibility with Human Rights.....	29
Index	31

Glossary

The following abbreviations and acronyms are used throughout this explanatory memorandum.

<i>Abbreviation</i>	<i>Definition</i>
AASB	Australian Accounting Standards Board
AUASB	Auditing and Assurance Standards Board
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
Bill	Corporations Legislation Amendment (Deregulatory and Other Measures) Bill 2014
CAMAC	Corporations and Markets Advisory Committee
Corporations Act	<i>Corporations Act 2001</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
FRC	Financial Reporting Council
Minister	the responsible Treasury portfolio Minister

General outline and financial impact

Corporations Legislation Amendment (Deregulatory and Other Measures Bill) 2014

The Corporations Legislation Amendment (Deregulatory and Other Measures) Bill 2014 (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 enhance the efficient operation of certain Government bodies.

The key measures will:

- 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.

Date of effect: The amendments commence on the day this Bill receives Royal Assent.

Proposal announced: The Minister for Finance and Acting Assistant Treasurer proposed this Bill in Media Release titled 'Consultation open on amendments to the Corporations Law' of 10 April 2014.

Financial impact: The amendments in the Bill do not have a budgetary impact.

Human rights implications: This Bill does not raise any human rights issue. See *Statement of Compatibility with Human Rights* — Chapter 7, paragraphs 7.3 to 7.4.

Compliance cost impact: The amendments in the Bill are expected to lead to a net reduction in compliance costs borne by business.

Chapter 1

Requesting a general meeting

Outline of chapter

1.1 Items 1, 2 and 10 of Schedule 1 to this Bill amend the *Corporations Act 2001* (Corporations Act) to 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.

1.2 All references in this Chapter are to the Corporations Act unless otherwise specified.

Context of amendments

1.3 Part 2G.2 of the Corporations Act sets out company responsibilities in relation to meetings of members of companies. This Part grants 100 members entitled to vote at a general meeting certain powers in relation to corporations. This includes allowing such groups, at the expense of the company, to:

- require the directors of the company to arrange a general meeting;
- put a resolution on the agenda of general meetings; and
- circulate material to other members.

1.4 Members or groups of members with at least a five per cent of the votes that may be cast at the general meeting have similar powers.

1.5 In large corporations, 100 members may hold a very small percentage of voting shares — often below one per cent. Accordingly a very small percentage of shareholders can require a company to hold a general meeting and to incur the subsequent costs.

1.6 Resolutions that have been proposed in the past at meetings held at the request of 100 members have generally received little support.

Summary of new law

1.7 This Bill amends section 249D so that a general meeting must only be arranged if members with at least five per cent of voting shares make the request.

1.8 One hundred shareholders continue to be able to put a resolution on the agenda of general meetings and circulate material to other members at the expense of the company.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
Only members with a total of five per cent of voting shares who are entitled to vote at the annual general meeting of a company may request that directors hold a general meeting.	Members with a total of five per cent of voting shares or 100 members entitled to vote at the annual general meeting of a company may request that directors hold a general meeting.

Detailed explanation of new law

1.9 Subsection 249D(1) is amended to remove the right of 100 members entitled to vote to request directors of a company to hold a general meeting. [*Schedule 1, item 1, subsection 249D(1)*]

1.10 Subsection 249D(1A) is repealed to remove the authority of the *Corporations Regulations 2001* (the *Corporations Regulations*) to prescribe a different number of members who may request that a general meeting be held. [*Schedule 1, item 2, subsection 249D(1A)*]

1.11 The Bill will not change the right for members with at least five per cent of the votes that may be cast at the general meeting to request directors of a company to call and arrange to hold a general meeting.

1.12 Other *Corporations Act* powers and responsibilities relating to groups of 100 members and members with five per cent of the votes that may be cast at the general meeting are unaffected by the amendments to section 249D.

Application and transitional provisions

1.13 Where at least 100 members who are entitled to vote at the general meeting have requested directors of a company to call and arrange to hold a general meeting before the commencement of this Bill, the amendments to section 249D made by the Bill do not apply. [*Schedule 1, item 10, sections 1547 and 1548*]

Chapter 2

Improving remuneration reporting

Outline of chapter

2.1 Items 3 to 5 and 10 of Schedule 1 to this Bill amend the *Corporations Act 2001* (Corporations Act) to improve and streamline remuneration reporting requirements.

2.2 All references in this Chapter are to the Corporations Act unless otherwise specified.

Context of amendments

2.1 The remuneration of company directors and executives is an issue which has attracted considerable interest from shareholders, business groups and the wider community.

2.2 It is important that there is a robust regulatory framework that promotes transparency and accountability of remuneration practices and that reporting of remuneration provides relevant information to stakeholders.

Options

2.3 Subparagraph 300A(1)(e)(iv) currently requires disclosure of the value of options that were held by members of key management personnel but lapsed during the reporting year because a condition required for the options to vest was not satisfied. Subparagraph 300A(1)(e)(vi) requires disclosure of the percentage of the value of the person's remuneration that consists of options.

2.4 Users of remuneration reports have indicated that the disclosure of the value of lapsed options was of limited use. In addition, the information on the percentage of a person's remuneration that consists of options can already be calculated from the information required under Item 15, sub-regulation 2M.3.03(1) of the *Corporations Regulations 2001* (Corporations Regulations), which requires the disclosure of the number and value of options that have been granted, and the number of options that have vested, during the reporting period.

Unlisted disclosing entities

2.5 The current requirement for producing remuneration reports extends to unlisted disclosing entities that are companies due to the operation of subsection 300A(2).

2.6 The preparation of a remuneration report is less relevant for unlisted disclosing entities as only listed entities are required to have their remuneration report adopted by shareholders through a non-binding resolution and are subject to the 'two-strikes' test.

Summary of new law

2.7 Listed entities are required to disclose the number of options granted to key management personnel as part of their remuneration that lapse during the financial year, and the financial year in which the lapsed options were granted.

2.8 Listed entities are no longer required to report the value of lapsed options and the percentage of the value of remuneration consisting of options.

2.9 Unlisted disclosing entities are no longer required to prepare a remuneration report.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
Listed disclosing entities that are companies must disclose the number of options that lapse during a financial year and the financial year in which those options were granted, for each member of the key management personnel. There is no obligation to disclose the value of options that lapse. There is no obligation to disclose the percentage value of remuneration that consists of options for each member of the key management personnel.	Disclosing entities that are companies must disclose the value of options that lapse during a financial year for each member of the key management personnel. Disclosing entities that are companies must also disclose the percentage value of remuneration that consists of options for each member of the key management personnel.

<i>New law</i>	<i>Current law</i>
Unlisted disclosing entities that are companies are no longer required to prepare a remuneration report. Listed disclosing entities continue to be required to prepare a remuneration report.	All disclosing entities that are companies are required to prepare a remuneration report, regardless of whether they are listed or unlisted.

Detailed explanation of new law

Options

2.10 Subparagraph 300A(1)(e)(iv) is repealed, removing the requirement to disclose the value of options that were held by each member of the key management personnel which lapsed during the financial year because a condition required for the options to vest was not satisfied. This obligation is replaced with a requirement for listed disclosing entities that are companies to disclose the number of lapsed options and the financial year in which the lapsed options were granted. *[Schedule 1, item 3, subparagraph 300A(1)(e)(iv)]*

2.11 Subparagraph 300A(1)(e)(vi) is repealed, removing the requirement to disclose the percentage of the value of remuneration that consists of options. *[Schedule 1, item 4, subparagraph 300A(1)(e)(vi)]*

Unlisted disclosing entities

2.12 Subsection 300A(2) is amended to replace ‘disclosing entity’ with ‘listed disclosing entity’. This relieves unlisted disclosing entities that are companies from the obligation to prepare remuneration reports. The requirement to prepare remuneration reports is consequently imposed only on listed disclosing entities that are companies. *[Schedule 1, item 5, subsection 300A(2)]*

Application and transitional provisions

2.13 The changes to remuneration reporting in this Bill relieve companies of a number of disclosure obligations. These amendments apply in relation to directors’ reports for financial years ending on or after the commencement of this Bill. This allows companies to access these changes as soon as practicable. *[Schedule 1, item 10, sections 1547 and 1549]*

Chapter 3

Clarifying the financial year

Outline of chapter

3.1 Item 6 of Schedule 1 to this Bill amends the *Corporations Act 2001* (Corporations Act) to clarify the circumstances in which a financial year may be less than 12 months.

3.2 All references in this Chapter are to the Corporations Act unless otherwise specified.

Context of amendments

3.3 There is confusion about the conditions under which directors may determine that a financial year is shorter than 12 months.

3.4 Section 323D sets out how companies, registered schemes and disclosing entities may determine the length of their financial year.

3.5 While an entity's financial year is expected to be approximately 12 months long, entities can determine otherwise in cases where:

- an entity needs to modify its financial year by up to seven days, to accommodate week-based internal reporting frameworks; or
- an entity needs to synchronise its financial year in order to prepare consolidated financial reports.

3.6 Subsection 323D(2A) allows entities to determine that their financial year is less than 12 months if none of the previous five financial years have been less than 12 months, the shorter financial year commences at the end of the previous financial year and the decision is in the best interests of the entity.

3.7 Stakeholders have raised concerns about the interaction between this provision and the operation of subsection 323D(2), which requires that a financial year is 12 months long, unless determined by the directors to be a period that is longer or shorter than 12 months by up to seven days.

3.8 There is confusion surrounding whether taking advantage of the flexibility in section 323D(2) would trigger the five-year period in which an entity is precluded from accessing the benefits offered by section 323D(2A).

3.9 Similarly subsection 323D(3) requires an entity to synchronise its financial year end with its parent entity when it becomes a controlled entity. Again, stakeholders have raised concerns that this provision may trigger the five-year period in which an entity is precluded from accessing the benefits offered by section 323D(2A).

3.10 Entities that amend their financial years by up to seven days should be confident that they may determine when a subsequent financial year may last for less than 12 months. Similarly, entities that have been synchronised should be confident that they may determine that a subsequent financial year may last for less than 12 months — provided that the financial year synchronised meets the requirements of subsections 323D(3) and 323D(4).

Summary of new law

3.11 The Bill seeks to put beyond doubt that directors may determine that a financial year is shorter than 12 months by more than seven days irrespective of whether, during an entity's previous five financial years, the directors have determined that the financial year is shorter than 12 months:

- by up to seven days; or
- to synchronise the financial year to prepare consolidated financial statements.

3.12 The Bill does not change the legal operation of this provision.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
No change.	Entities may determine that their financial year is shorter than 12 months if they meet the requirements of subsection 323D(2A) irrespective of whether, in the previous five financial years, the financial year has been longer or shorter than 12 months by up to seven days, or where the entity was required to synchronise its financial reports.

Detailed explanation of new law

3.13 A Note is inserted at the end of subsection 323D(2A) to clarify that the directors of a company, registered scheme or disclosing entity may determine that a financial year will last for a period of less than 12 months under subsection 323D(2A) irrespective of whether, in any of the previous five financial years:

- a financial year has been shorter than 12 months by up to seven days (under subsection 323D(2)); or
- a financial year has been extended or shortened to facilitate the synchronisation of financial years for the purpose of preparing consolidated financial reports (under subsection 323D(4)).

[Schedule 1, item 6, Note at the end of subsection 323D(2A)]

3.14 The Note does not affect the legal operation of section 323D.

Chapter 4

Streamlining auditor appointment requirements for companies limited by guarantee

Outline of chapter

4.1 Items 7 to 9 of Schedule 1 to this Bill amends the *Corporations Act 2001* (Corporations Act) to exempt certain companies limited by guarantee from the need to appoint or retain an auditor.

4.2 All references in this Chapter are to the Corporations Act unless otherwise specified.

Context of amendments

4.3 In 2010 the *Corporations Amendment (Corporate Reporting Reform) Act 2010* removed the need for certain companies limited by guarantee to have their financial reports audited, in order to reflect their limited resources. Consequently:

- subsection 292(3) exempts small companies limited by guarantee (that is, those companies limited by guarantee with annual revenue of less than \$250,000) from having to prepare a financial report and directors' report unless directed to do so by the Australian Securities and Investments Commission (ASIC) or by members with at least five per cent of the votes that may be cast at the general meeting; and
- subsection 301(3) allows a company limited by guarantee to elect to have its financial report for a financial year reviewed, rather than audited, if it has annual revenue of less than \$1 million and certain other criteria are met.

4.4 Despite these amendments, companies limited by guarantee that are not required to undertake an audit remained subject to provisions requiring that an auditor is appointed and retained. Section 327A requires public companies, including companies limited by guarantee, to appoint an auditor within one month of registration. Section 327B requires public companies to appoint an auditor at their first annual general meeting.

Section 327C requires public companies to appoint an auditor where vacancies arise.

Summary of new law

4.5 Certain companies limited by guarantee are no longer required to appoint or retain an auditor where they are not required to undertake an audit.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
Small companies limited by guarantee, and those companies limited by guarantee that have their financial reports reviewed, are not required to appoint or retain an auditor. All other public companies are required to appoint and retain an auditor.	All public companies, including companies limited by guarantee, are required to appoint and retain an auditor.

Detailed explanation of new law

4.6 Subsection 327A(1A) is inserted into the Corporations Act to exempt the following companies from having to appoint an auditor within one month of registration as a company:

- companies limited by guarantee whose directors reasonably believe that subsection 301(3) will apply to the company's financial reports; and
- small companies limited by guarantee.

[Schedule 1, item 7, subsection 327A(1A)]

4.7 Subsection 327B(1A) is inserted into the Corporations Act to exempt companies limited by guarantee who elect to have their accounts reviewed rather than audited, and small companies limited by guarantee, from having to appoint an auditor at their first annual general meeting.

[Schedule 1, item 8, subsection 327B(1A)]

4.8 These amendments provide consistency with subsections 292(3) and subsection 301(3).

4.9 A Note is inserted at the end of subsection 327C(1) to clarify that companies limited by guarantee who elect to have their accounts reviewed rather than audited, and small companies limited by guarantee, do not have to retain an auditor if not required to appoint an auditor.
[Schedule 1, item 9, Note at the end of subsection 327C(1)]

Chapter 5

Improving the efficiency of the Takeovers Panel

Outline of chapter

5.1 Part 1, items 1 and 2 of Schedule 2 to this Bill amends the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to improve the operation of the Takeovers Panel by allowing takeover matters to be dealt with more efficiently.

5.2 All references in this Chapter are to the ASIC Act unless otherwise specified.

Context of amendments

5.3 The Takeovers Panel is a peer review body that regulates corporate control transactions in widely held Australian entities. Panel members are appointed from the private sector, and generally hold senior roles in banks, law firms, and significant corporations.

5.4 The application of the ASIC Act is limited to Australia. This can be interpreted to mean that the powers provided to the Takeovers Panel under the ASIC Act can only be exercised if the members of the Panel are physically located in Australia. This can reduce the Panel's efficiency due to the need for members to travel to fulfil other professional obligations.

5.5 The Bill allows Panel members to perform Panel functions while in Australia and overseas. This amendment will not alter the substantive powers of the Panel and will only remove the geographical restriction on the exercise of existing powers.

Summary of new law

5.6 The President of the Takeovers Panel may give a direction about the members who are to constitute the Panel while in Australia and overseas.

5.7 Members of the Takeovers Panel may perform Panel functions while in Australia and overseas.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
The President of the Takeovers Panel may give a direction in respect of members who are to constitute the Panel whether or not the President is in Australia. Members of the Takeovers Panel may participate in proceedings whether or not the member is in Australia.	The President and members of the Takeovers Panel may only participate in proceedings if they are within Australia.

Detailed explanation of new law

5.8 Subsection 184(3A) is inserted to allow the President of the Takeovers Panel to give directions about members who are to constitute a Panel for the purposes of performing or exercising its functions or powers in relation to particular matters under subsection 184(2), regardless of whether or not the President is in Australia. [*Schedule 2, Part 1, item 1, subsection 184(3A)*]

5.9 Subsection 188(3) is inserted to allow a member of the Takeovers Panel to participate in proceedings, regardless of whether or not the member is in Australia. [*Schedule 2, Part 1, item 2, subsection 188(3)*]

Chapter 6

Improving the efficiency of Government remuneration processes

Outline of chapter

6.1 Part 1, items 3 to 8 and Part 2, item 9 of Schedule 2 to this Bill amends the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to extend the Remuneration Tribunal's remuneration setting responsibility to include certain Corporations Act bodies.

6.2 All references in this Chapter are to the ASIC Act unless otherwise specified.

Context of amendments

6.3 The ASIC Act currently provides that the responsible Treasury portfolio Minister (Minister) determines the terms and conditions (including remuneration) of the Chairs and members of the Financial Reporting Council (FRC), the Chair of the Australian Accounting Standards Board (AASB) and the Chair of the Auditing and Assurance Standards Board (AUASB).

6.4 The ASIC Act also provides that the FRC is responsible for determining the terms and conditions (including remuneration) of the offices held by the members of the AASB and the AUASB.

Diagram 6.1: Current ASIC Act provisions on the responsibility for the setting of terms and conditions (including remuneration) for FRC, AASB and AUASB Chairs and members

<i>Office holder</i>	<i>FRC</i>	<i>AASB</i>	<i>AUASB</i>
<i>Chair</i>	Minister Subsection 235A(2)	Minister Subsection 236B(6)	Minister Subsection 236F(8)
<i>Member</i>	Minister Subsection 235A(2)	FRC Subsection 236B(6)	FRC Subsection 236F(9)

6.5 The Remuneration Tribunal is an independent, specialist body responsible for the remuneration setting of public offices within its determinative jurisdiction.

6.6 This Bill brings responsibility for determining the remuneration and full-time member recreation leave entitlements of the Chair and member positions of the FRC, the AASB and the AUASB within the Remuneration Tribunal's jurisdiction.

6.7 This improves administrative efficiency, as the Remuneration Tribunal has specialist skills in reviewing and determining remuneration and is therefore better placed to determine the remuneration of these offices. Moreover, it will ensure consistency in the remuneration setting arrangements between the three bodies and other statutory office holders.

Summary of new law

6.8 The Remuneration Tribunal is responsible for setting the remuneration for members of the FRC, the AASB and the AUASB, including the Chairs of the FRC, the AASB and the AUASB.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
The Remuneration Tribunal sets the remuneration for the members of the FRC, the AASB and the AUASB, including the Chairs.	The Minister sets the remuneration for the Chair and members of the FRC, the Chair of the AASB and the Chair of the AUASB. The FRC sets the remuneration for the members of the AASB and the AUASB.

Detailed explanation of new law

6.9 The responsibilities of the Minister and the FRC for setting the terms and conditions (including remuneration) for the FRC, AASB and AUASB Chairs and members are set out in subsections 235A(2), 236B(6), 236F(8) and 236F(9). These subsections are repealed. *[Schedule 2, Part 1, items 3, 5, and 7, subsections 235A(2), 236B(6) and 236F(8) and (9)]*

6.10 Section 235AA is inserted into the ASIC Act to allow the Remuneration Tribunal to determine the remuneration for members of the FRC, including the Chair. Where the Remuneration Tribunal makes no determination on the remuneration of these office holders, remuneration is as determined in writing by the Minister. The Remuneration Tribunal is also granted jurisdiction to determine the recreation leave entitlements of full-time members of the FRC, including the Chair. *[Schedule 2, Part 1, item 4, section 235AA]*

6.11 Section 236BA is inserted into the ASIC Act to allow the Remuneration Tribunal to determine the remuneration for members of the AASB, including the Chair. Where the Remuneration Tribunal makes no determination on the remuneration of these office holders, remuneration is as determined in writing by the Minister. The Remuneration Tribunal is also granted jurisdiction to determine the recreation leave entitlements of full-time members of the AASB, including the Chair. *[Schedule 2, Part 1, item 6, section 236BA]*

6.12 Section 236FA is inserted into the ASIC Act to allow the Remuneration Tribunal to determine the remuneration for members of the AUASB, including the Chair. Where the Remuneration Tribunal makes no determination on the remuneration of these office holders, remuneration is as determined in writing by the Minister. The Remuneration Tribunal is also granted jurisdiction to determine the recreation leave entitlements of full-time members of the AUASB, including the Chair. *[Schedule 2, Part 1, item 8, section 236FA]*

6.13 The Minister may determine allowances (such as travel allowances) of FRC, AASB and AUASB members, including the Chairs, and may grant leave of absence other than recreation leave where members, including the Chairs, work full-time. The Minister determines the terms and conditions of the leave of absence, including terms or conditions that pertain to remuneration. *[Schedule 2, Part 1, items 4, 6 and 8, sections 235AA, 236BA and 236FA]*

6.14 Where the Remuneration Tribunal or the Minister makes a determination on remuneration or the Minister makes a determination on an allowance in writing, such determinations have effect subject to the *Remuneration Tribunal Act 1973*. *[Schedule 2, Part 1, items 4, 6 and 8, sections 235AA, 236BA and 236FA]*

6.15 Members of the FRC, AASB and AUASB, including the Chairs, hold office on the terms and conditions in relation to matters not covered by the ASIC Act as determined by the Minister in writing. *[Schedule 2, Part 1, items 4, 6 and 8, sections 235AA, 236BA and 236FA]*

6.16 Diagram 6.2 summarises the responsibility for setting the remuneration and other terms and conditions for the FRC, AASB and AUASB members, including the Chairs.

Diagram 6.2: Amended responsibilities for the setting of remuneration

<i>Terms</i>	<i>FRC Members, including the Chair</i>	<i>AASB Members, including the Chair</i>	<i>AUASB Members, including the Chair</i>
Remuneration	Remuneration Tribunal determines; otherwise Minister determines in writing.		
Allowances	Minister determines.		
Recreation leave entitlements (if full-time)	Remuneration Tribunal determines.		
Terms and conditions of leave of absence (if full-time)	Minister determines.		
Other terms and conditions	Minister determines in writing.		

Application and transitional provisions

6.17 After commencement of this Bill, members of the FRC, including the Chair, will continue to have the terms and conditions of their appointment determined by the Minister in writing until the Remuneration Tribunal makes a determination in relation to their appointment. Likewise, any person appointed to the FRC between commencement of the Bill and the time at which the Remuneration Tribunal makes a determination under subsection 235AA(1) will have the terms and conditions of their appointment determined by the Minister in writing until the Remuneration Tribunal makes a determination. *[Schedule 2, Part 2, item 9, sections 297 and 298]*

6.18 After commencement of this Bill, the Chair of the AASB will continue to have the terms and conditions of their appointment determined by the Minister until the Remuneration Tribunal makes a determination in relation to their appointment. Members of the AASB will continue to have the terms and conditions of their appointment determined by the FRC until the Remuneration Tribunal makes a determination in relation to their appointment. *[Schedule 2, Part 2, item 9, sections 297 and 299]*

6.19 Likewise, a person appointed to the AASB as Chair between commencement of the Bill and the time at which the Remuneration Tribunal makes a determination under subsection 236BA(1) will have the terms and conditions of their appointment determined by the Minister in writing until the Remuneration Tribunal makes a determination. Members appointed to the AASB during that period will have the terms and conditions of their appointment for that period determined by the FRC. *[Schedule 2, Part 2, item 9, sections 297 and 299]*

6.20 After commencement of this Bill, the Chair of the AUASB will continue to have the terms and conditions of their appointment determined by the Minister until the Remuneration Tribunal makes a determination in relation to their appointment. Members of the AUASB will continue to have the terms and conditions of their appointment determined by the FRC until the Remuneration Tribunal makes a determination in relation to their appointment. *[Schedule 2, Part 2, item 9, sections 297 and 300]*

6.21 Likewise, a person appointed to the AUASB as Chair between commencement of the Bill and the time at which the Remuneration Tribunal makes a determination under subsection 236FA(1) will have the terms and conditions of their appointment determined by the Minister in writing until the Remuneration Tribunal makes a determination. Members appointed to the AUASB during that period will have the terms and conditions of their appointment for that period determined by the FRC. *[Schedule 2, Part 2, item 9, sections 297 and 300]*

Chapter 7

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

Corporations Legislation Amendment (Deregulatory and Other Measures)

7.1 This Bill is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview

7.2 The Bill amends the *Corporations Act 2001* (Corporations Act) and the *Australian Securities and Investments Commission Act 2001* to streamline corporate law to reduce the regulation burden on business and the community. The key measures will:

- to 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 certain Corporations Act bodies.

Human rights implications

7.3 This Bill does not engage any of the applicable rights or freedoms.

Conclusion

7.4 This Bill is compatible with human rights as it does not raise any human rights issues.

Index

Schedule 1: Amendment of the *Corporations Act 2001*

<i>Bill reference</i>	<i>Paragraph number</i>
Item 1, subsection 249D(1)	1.8
Item 2, subsection 249D(1A)	1.9
Item 3, subparagraph 300A(1)(e)(iv)	2.11
Item 4, subparagraph 300A(1)(e)(vi)	2.12
Item 5, subsection 300A(2)	2.13
Item 6, Note at the end of subsection 323D(2A)	3.12
Item 7, subsection 327A(1A)	4.6
Item 8, subsection 327B(1A)	4.7
Item 9, Note at the end of subsection 327C(1)	4.9
Item 10, sections 1547 and 1548	1.12
Item 10, sections 1547 and 1549	2.14

Schedule 2: Amendment of the *Australian Securities and Investments Commission Act 2001*

<i>Bill reference</i>	<i>Paragraph number</i>
Part 1, item 1, subsection 184(3A)	5.8
Part 1, item 2, subsection 188(3)	5.9
Part 1, items 3, 5, and 7, subsections 235A(2), 236B(6) and 236F(8) and (9)	6.9
Part 1, item 4, section 235AA	6.10
Part 1, items 4, 6 and 8, sections 235AA, 236BA and 236FA	6.13, 6.14, 6.15
Part 1, item 6, section 236BA	6.11
Part 1, item 8, section 236FA	6.12
Part 2, item 9, sections 297 and 299	6.18, 6.19
Part 2, item 9, sections 297 and 300	6.20, 6.21