



**The Hon David Bradbury MP
Parliamentary Secretary to the Treasurer**

Ms Joanne Rees
Convenor
Corporations and Markets Advisory Committee
GPO Box 3967
SYDNEY NSW 2001

Dear Ms *Joanne* Rees

I am writing to refer three aspects of Australia's corporate and financial market framework to the Corporations and Markets Advisory Committee for its consideration and advice.

Annual general meetings (AGMs) have in the past provided a forum for, amongst other things, the reporting of significant company information (such as annual results), the passage of significant shareholder resolutions, and the scrutiny of company directors.

With improvements in technology, which have resulted in continuous real-time dissemination of company information, and the introduction of the two-strikes test, it is timely to assess the role of the AGM as a part of broader shareholder engagement.

The AGM provides a forum for shareholder participation in the process of director accountability and engagement by shareholders towards scrutiny of company management. The Government would like to ensure that the AGM remains responsive to the needs of shareholders and stakeholders in the company, and continues to serve its intended purposes, including providing a valuable forum to facilitate effective corporate governance.

The importance of foreign capital to the Australian economy is well recognised. With the globalisation of financial markets, foreign share ownership and dual-listing have become more common. Fitting the AGM into this setting while retaining its usefulness will continue to be a challenge in the future, as the physical meeting becomes more difficult to participate in for an increasing number of stakeholders. In particular, issues of director scrutiny and participation in voting for shareholders who, due to the globalisation of capital markets, find it increasingly difficult to attend AGMs, will continue to present challenges.

In the context of a report on shareholder participation in the governance of companies, the Parliamentary Joint Committee of Corporations and Financial Services (PJC) gave some consideration to the role of the AGM. The focus of this report, however, was on the participation and engagement of shareholders more generally, rather than a detailed consideration of the requirements regarding AGMs. Amongst other things, this report (which is still listed as being under consideration) recommended that ASIC establish best practice guidelines for AGMs but, in the context of its overall review of shareholder participation issues, did not recommend significant changes to the role or conduct of the AGM.

The PJC report also identified issues relating to the usefulness of the annual report document, including a lack of shareholder engagement with or comprehension of the document. The report mentions the potential for interactive electronic documents to increase accessibility to this generally dense document to retail investors, but stops short of making recommendations to specifically bring this about.

With these considerations in mind, I request that CAMAC inform the Government on:

- The future of the annual general meeting in Australia, including how documents and meeting forms should change to meet the needs of shareholders in the future;
- the risks and opportunities presented by advancements in technology, in the context of maintaining the ongoing relevance and efficacy of the AGM; and
- the challenges posed to the structure of the AGM by globalisation, including potential increases in international share ownership and dual-listing.

Should you have any queries about these references, please contact Ms Alix Gallo, Manager, Governance and Insolvency Unit on (02) 62632870 or via email: alix.gallo@treasury.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Bradbury', with a long, sweeping horizontal flourish extending to the right.

DAVID BRADBURY

05 DEC 2011