Australian Government

Corporations and Markets Advisory Committee

CAMAC

Annual Report

2010–2011

Corporations and Markets Advisory Committee

Annual Report 2010–11

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15 September 2011

The Hon. David Bradbury MP
Parliamentary Secretary to the Treasurer
Parliament House
CANBERRA ACT 2600

Dear Mr Bradbury

I am enclosing the annual report for 2010–11 of the Corporations and Markets Advisory Committee.

The report has been prepared in accordance with s 162 of the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) and the *Requirements for Annual Reports for departments, executive agencies and FMA Act bodies*, approved by the Joint Committee of Public Accounts and Audit in July 2011.

I note that, under subsection 162(3) of the ASIC Act, a copy of this report is to be tabled in each House of the Parliament within 15 sitting days of that House after the day on which you receive the report.

Yours sincerely

Joanne Rees
Convenor

Contents

Convenor's review

I have very much enjoyed my first year as Convenor of CAMAC and the opportunity to work with the Committee to most efficiently align its operations with the outcomes required of CAMAC.

CAMAC's achievements

During the financial year, CAMAC completed 21 years as a corporate law reform body, having been originally established as the Companies and Securities Advisory Committee. Since its inception, CAMAC has published a wide range of reports on such diverse topics as continuous disclosure, the law of takeovers, corporate insolvency, insider trading and corporate social responsibility.

This year saw the publication by CAMAC of two policy documents, both of which respond to requests for advice from the Australian Government.

In April 2011, CAMAC reported on executive remuneration. This matter was referred to the Committee in May 2010, following on from the Productivity Commission report on this topic. The CAMAC report recognised the desirability of companies being allowed the flexibility to develop their own responses to evolving remuneration practices and how to report them. At the same time, it made some specific recommendations to improve executive remuneration reporting.

In June 2011, CAMAC released a wide-ranging discussion paper on managed investment schemes. Recent years have seen substantial growth and change in the MIS industry, not contemplated when the legislation regulating the industry was originally introduced. The changes in the MIS industry include greater use of contract-based 'enterprise' schemes (such as agribusiness schemes), alongside trust-based 'investment' schemes. There has also been an increase in the number of responsible entities (REs) that operate more than one MIS or have other business operations. The discussion paper puts forward for public comment various options for dealing with complex issues concerning the adequacy of the current law, including where an MIS or its RE experiences financial stress.

Outlook

In the coming financial year, CAMAC will finalise reports on managed investment schemes and the definition of derivative.

It will also respond to any further requests for advice from the Minister and keep under consideration other areas that may be suitable for review.

Acknowledgements

The Committee was pleased to welcome the Parliamentary Secretary to the Treasurer, the Hon. David Bradbury, to its meeting in November 2010 and to have the opportunity to discuss CAMAC's current and future work with him.

There were some changes in the membership of CAMAC and its Legal Committee in May 2011.

The terms of two members of CAMAC, Zelinda Bafile and Ian Eddie, expired, as did the term of Simon Stretton, who had served on the Legal Committee. I thank those members for their contribution to CAMAC's work.

Four new members were appointed to CAMAC, David Gomez, Jane McAloon, Denise McComish and Michael Murray. Also, Rosey Batt was appointed to the Legal Committee.

The Committee maintains close contact with officers of Treasury and appreciates the attendance by representatives of that department at its meetings. It also receives administrative assistance from ASIC officers, including in relation to financial management, payroll, library services and information technology, and appreciates that support.

I thank the members of the Advisory Committee and Legal Committee, who contribute their experience and expertise on a part-time basis and have other commitments. I particularly wish to acknowledge Bob Seidler's significant contribution on the executive remuneration reference. I also acknowledge and thank the small, long serving Executive which supports CAMAC's operations.

Issues and developments

The Committee's work in 2010–11 in meeting the outcome and program described in the Treasury Portfolio Budget Statement in a timely manner is summarised below.

The independent and expert advice in the Committee's reports is supported by detailed research and analysis to enable the Government to reach informed decisions on the questions relating to corporations regulation and financial products, services and markets that it refers to the Committee.

Executive remuneration

Terms of reference

In May 2010, the then Minister for Financial Services, Superannuation and Corporate Law, the Hon. Chris Bowen MP, referred a number of aspects of Australia's executive remuneration framework to CAMAC for its consideration and advice, following on from the report of the Productivity Commission (PC) that examined the director and executive remuneration framework in Australia, *Executive Remuneration in Australia* (December 2009).

The Minister requested CAMAC to report on the following matters.

Remuneration reporting

The Minister referred to the annual remuneration report that companies are required to prepare under s 300A of the Corporations Act. In that context, he observed that:

> The PC's report concluded that the usefulness of remuneration reports has been diminished by their complexity, placing a significant burden on companies and leading investors to find it impenetrable and sometimes misleading. Additionally, some information of use to shareholders - for example, pay as actually realised by executives - is not required to be reported.

The Minister requested CAMAC to:

- examine the existing reporting requirements contained in section 300A of the Corporations Act and related regulations and identify areas where the legislation could be revised in order to reduce its complexity and more effectively meet the needs of shareholders and companies

- make recommendations on how best to revise the legislative architecture to reduce the complexity of remuneration reports.

Remuneration arrangements

The Minister referred to the significance of the incentive components of executive remuneration arrangements for companies and their shareholders:

> A separate but related issue is the importance of aligning executive remuneration with company performance and the usefulness of 'at risk' remuneration in achieving this aim. Highly complex remuneration schemes can obscure this nexus between performance and pay. The Government would therefore also like CAMAC to provide recommendations on how the incentive components of executive pay arrangements could be simplified in order to improve transparency and strengthen the correlation between the interests of a company's executives and the interests of its shareholders.

The Minister requested the Committee to:

- examine where the existing remuneration setting framework could be revised in order to provide advice on simplifying the incentive components of executive remuneration arrangements
- make recommendations on how best to revise the legislative architecture to simplify the incentive components of executive remuneration arrangements.

Information paper

To facilitate submissions or comments from interested parties on the matters raised in the Minister's reference, CAMAC, in July 2010, published an information paper setting out some of the regulatory and other approaches in Australia and elsewhere to:

- the content of executive remuneration arrangements, including the use and implications of the various types of incentives
- reporting on executive remuneration arrangements.

The paper invited submissions on any aspect of the matters covered in the reference to CAMAC. The submissions received are available on the CAMAC website.

Roundtable

After considering the submissions on the Information Paper, CAMAC convened a Roundtable of respondents comprising industry bodies, professional firms and representative bodies, shareholder interests/proxy advisers, remuneration consultants, corporate entities and commentators to discuss the issues involved in the terms of reference and ensure that CAMAC had a satisfactory appreciation of the views of interested parties before it settled its recommendations.

Report

In April 2011, CAMAC submitted its report *Executive remuneration*.

In the report, CAMAC took the view that remuneration reporting is a dynamic process, which needs to reflect evolving remuneration practices. Companies should be allowed to develop their response to this changing environment without simultaneously having to come to grips with wide-ranging new reporting requirements. Evolving remuneration reporting practice, and ideas for simplification of remuneration reports, may provide the basis for a fresh non-prescriptive legislative approach to remuneration reporting at some future time.

In the meantime, CAMAC made specific suggestions to improve executive remuneration reporting, including to:

- require companies to give a general description of their remuneration governance framework
- permit companies to withhold commercially sensitive information concerning a performance condition, provided that they disclose that fact and set out a general description of the omitted information
- remove the requirement to use accounting standards methodology in remuneration reports
- require the disclosure of all termination payments, identifying *entitlement payments* (amounts paid on termination that reflect statutory and other accumulated payments), *severance payments* (amounts paid specifically for termination, including gratuitous and discretionary payments) and *post-severance arrangements*
- require disclosure, for each executive, of crystallized past pay (remuneration granted at some previous time and paid in the current financial year), present pay (remuneration granted and paid in the current financial year) and future pay (remuneration that is deferred to some future period).

In relation to remuneration arrangements, CAMAC considered that, in general, the incentive and other components of remuneration policies and arrangements were matters for each company to determine, taking into account various factors, including the experience and skills required of its senior management, the marketplace for executive talent and the expectations of shareholders and other stakeholders of the company.

Managed investment schemes

Terms of reference

In November 2010, the Parliamentary Secretary to the Treasurer, the Hon. David Bradbury MP (the PST), referred various matters concerning the regulation of managed investment schemes (MISs) to CAMAC for consideration and advice. The PST asked CAMAC to:

- examine whether the current temporary responsible entity (RE) framework enables the transfer of viable MIS businesses where the original RE is under financial stress, and if not whether it should be reformed or replaced
- examine whether REs are unable to restructure a financially viable MIS and advise if the current legislative methods available to companies under the Corporations Act should be adapted to managed schemes
- examine whether the current statutory framework is adequate for the winding up of MISs, and agribusinesses in particular, and whether it provides the necessary guidance for liquidators, creditors, investors and growers
- advise what legislative amendments should be made if the current legislative framework does not provide the necessary legislative tools with respect to the arrangements for dealing with non-viable MISs
- examine other proposals to improve Chapter 5C of the Corporations Act, including in relation to convening scheme meetings, cross-guarantees entered into by REs on behalf of other group members and statutory limited liability.

Discussion paper

In June 2011, CAMAC published its discussion paper *Managed investment schemes*.

The paper recognised the recent substantial growth and change in the MIS industry, not contemplated when the legislation was originally introduced. Changes include greater use of contract-based ‘enterprise’ schemes (such as agribusiness schemes), alongside trust-based ‘investment’ schemes. There has also been an increase in the number of REs that operate more than one MIS or have other business operations. These developments raise complex issues concerning the adequacy of the current law, including where an MIS or its RE experiences financial stress.

Some of the problems encountered in the external administration of some MISs can be traced to a failure to ensure, from the outset, the adequate separation of the affairs of each MIS. Also, creditors can experience difficulty in enforcing their rights.

The paper invited submissions on a number of proposed key legislative reforms that would:

- require that all agreements entered into by an RE as principal in operating an MIS be clearly identified and recorded
- require that property of an MIS be used only for the purposes of that MIS
- give creditors of an MIS direct rights against scheme property, similar to the rights of creditors of a company. Currently, creditors of an MIS must go through the RE that manages the MIS in order to obtain payment of their debts.

Transfer of a viable MIS

The discussion paper looked at various ways to assist the process of replacing an RE of an ongoing MIS, particularly where this needs to be done on short notice. It proposed various amendments to overcome the disincentives for an entity to act as a temporary RE in an interim period before a new RE can be found.

The discussion paper also discussed other possible obstacles to replacing the RE of a continuing MIS, including remuneration arrangements that favour the outgoing RE.

Restructuring a potentially viable MIS

One of the principal obstacles in practice to restructuring a financially stressed MIS can be the difficulty in stabilising its affairs, at least temporarily, while the likelihood of its rehabilitation is determined. The discussion paper outlined a voluntary administration procedure specifically designed for MISs, which would involve a wide-ranging moratorium to allow an independent assessment of the potential financial viability of an MIS and how its rehabilitation might be achieved.

Winding up a non-viable MIS

The discussion paper raised various options that may assist in winding up the affairs of a non-viable MIS, including the possibility of a liquidation procedure specifically designed for MISs.

Other matters

The discussion paper considered possible changes to the law governing the convening of scheme meetings and the regulation of cross-guarantees entered into by the RE, as well as whether scheme members should have statutory limited liability.

The discussion paper sought submissions by 30 September 2011.

In July 2011, the PST approved an extension of the reporting date to 30 June 2012, to ensure a proper consideration of the matters raised in the discussion paper.

Definition of derivative

Terms of reference

In November 2010, the Parliamentary Secretary to the Treasurer, the Hon. David Bradbury MP (the PST), referred to CAMAC for consideration and advice various matters concerning the definition of derivative in s 761D of the Corporations Act and the related Corporations Regulation.

The PST drew CAMAC's attention to various matters, including:

- the fact that, under the Corporations Regulations, the future time at which consideration may be payable by a person under a derivative could be less than one day
- the view of many market participants that physically settled forward contracts over shares are derivatives
- concern about a possible amendment which would have provided, if it had been enacted, that an arrangement is not a derivative for the purposes of the Corporations Act if the arrangement would not be covered by the definition but for the fact that the value of the arrangement is ultimately determined by reference to the time value of money

- significant confusion surrounding s 761D generally and the implication that there may be significant non-compliance with the current legal requirements.

Given these matters and a lack of clarity about what changes might be required, the PST requested that CAMAC:

- examine the definition of a derivative
- examine the way in which such a definition may be changed to clarify the position of physically settled forward contracts
- suggest options to decrease complexity in this area of the law.

The PST noted that CAMAC was closely involved in the original development of the section (the definition of derivative in the Corporations Act is a result of the report *Regulation of On-exchange and OTC Derivatives Markets* (1997) of the Companies and Securities Advisory Committee (CASAC), which became CAMAC in 2002) and has the technical skills and knowledge required to appreciate both the legal meaning of the section and the ways in which it is currently applied and to assess possible ways of revising the definition.

Progress of the review

CAMAC has held preliminary discussions with various industry participants. It has convened a Roundtable of interested parties to meet in September 2011, to ensure that it has a satisfactory appreciation of the views of interested parties before it settles its recommendations.

Implementation of recommendations

The *Corporations Amendment (No 1) Act 2010* provides for an increase in the criminal penalties that can be imposed for breaches of the insider trading and market manipulation provisions and allows for telecommunications interception warrants to be applied for in the course of investigations into those offences. This is consistent with a recommendation in the CAMAC report *Aspects of market integrity* (2009).

In January 2011, the ASX listing rules were amended to deal with blackout trading (trading by directors and executive officers during sensitive periods in the reporting cycle of a company). The amendment responded to the CAMAC report *Aspects of market integrity* (2009).

Outlook for 2011–12

In the coming financial year, CAMAC will finalise reports on managed investment schemes and the definition of derivative.

As well as responding to any further requests for advice from the Minister, the Committee will keep under consideration other areas that may be suitable for review.

References to CAMAC reviews

During 2010–11 CAMAC's work was referred to in various articles in the daily media. It was also referred to in other publications, including:

Executive remuneration

- H Kincaid, 'CAMAC report on executive remuneration: don't change the pitch when the two strikes rule is coming' [2011] *Butterworths Corporation Law Bulletin* No 11 (10 June 2011) [431]

Guidance for directors

- S Watson & C Noonan, 'Defining directorship' (2010) 25 *Australian Journal of Corporate Law* 5
- 'CAMAC Report Guidance for Directors', *The Baxt Report* Vol 6, Issue 4 (July 2010) 1
- J Purcell, 'Guidance for directors' *In the Black* Vol 80 No 6 (July 2010) 10
- R Baxt, 'When guidance isn't law' *Company Director* Vol 26 Issue 7 (August 2010) 50

Members' schemes of arrangement

- *Re Professional Investment Holdings Ltd (No 2)* [2010] FCA 1336 at [11]
- SH Goo, 'Should the headcount test for a scheme of arrangement be abolished?' (2011) 32 *The Company Lawyer* 185
- K Dharmananda, A Papamatheos & J Koshy, *Schemes of arrangement* (The Federation Press, 2010)

Market integrity

- J Athanasoff and M Bonomelli, 'Changes to the ASX Listing Rules and ASX Corporate Governance Council Principles and Recommendations' (2010) 62 *Keeping Good Companies* 424
- 'Market update on the handling of confidential information and rumours', *The Baxt Report* Vol 6, Issue 4 (July 2010) 12
- J Austin, 'Government to the rescue: ASIC takes the reins of the stock markets' (2010) 28 *Company and Securities Law Journal* 444
- G North, 'A re-examination of the Manne efficiency theory and the insider trading and company disclosure efficiency rationales' (2011) 25 *Australian Journal of Corporate Law* 209

Diversity on boards of directors

- J Athanasoff and M Bonomelli, 'Changes to the ASX Listing Rules and ASX Corporate Governance Council Principles and Recommendations' (2010) 62 *Keeping Good Companies* 424
- K Spearritt, 'Promoting board diversity to enhance performance' (2010) 62 *Keeping good companies* 332
- K Hopt, 'Comparative Corporate Governance: The State of the Art and International Regulation' (2011) 59 *American Journal of Comparative Law* 1

Sons of Gwalia

- M Hirst, 'On the beat: Another one bites the dust' (2011) 11(9) *Insolvency Law Bulletin* 162

Issues in external administration

- A Herzberg, M Bender & L Gordon-Brown, 'Does the voluntary administration scheme satisfy its legislative objectives? An exploratory analysis' (2010) 18 *Insolvency Law Journal* 181

Long-tail liabilities

- L Floyd, '"Commercial morality" as a legal concept: the Full Federal Court decision in Re CSR Ltd' (2010) 28 *Company and Securities Law Journal* 411

The social responsibility of corporations

- S Wen & J Zhao, 'Exploring the rationale of enlightened shareholder value in the realm of UK company law - the path dependence perspective' (2011) 14 *International Trade and Business Law Review* 153

Personal liability for corporate fault

- R Baxt, 'Editorial' (2011) 29 *Company and Securities Law Journal* 193
- R Baxt, 'Editorial' (2011) 39 *Australian Business Law Review* 145

Past reports

The following CAMAC reports and related papers are available at www.camac.gov.au:

- Executive remuneration (April 2011)
- Executive remuneration information paper (July 2010)
- Guidance for directors (April 2010)
- Members' schemes of arrangement (December 2009)
- Aspects of market integrity (June 2009)
- Diversity on boards of directors (March 2009)
- Shareholder claims against insolvent companies: implications of the *Sons of Gwalia* decision (December 2008)
- Issues in external administration (November 2008)
- Long-tail liabilities: the treatment of unascertained future personal injury claims (May 2008)
- The social responsibility of corporations (December 2006)
- Personal liability for corporate fault (September 2006)
- Corporate duties below board level (April 2006)
- Rehabilitating large and complex enterprises in financial difficulties (October 2004)
- Directors and officers insurance (June 2004)
- Insider trading (November 2003)
- Retail client compensation in financial markets (September 2001)
- Charges over uncertificated securities (April 2001)
- Sections 181 and 189 of the Corporations Law (October 2000)
- Qualifications and experience for secretaries of public companies (August 2000)

- Shareholder participation in the modern listed public company (Company meetings) (June 2000)
- Corporate groups (May 2000)
- Jurisdictional legal risk for collateral securities (May 2000)
- Liability of members of managed investment schemes (March 2000)
- Compulsory acquisitions (March 2000)
- Compulsory acquisitions and buy-outs (March 1999)
- Reform of ss 621(4) and 623(2) and (3) of the Corporate Law Economic Reform Program Bill 1998 (December 1998)
- Corporate voluntary administration (June 1998)
- Netting in financial markets transactions (June 1997)
- Regulation of on-exchange and OTC derivatives markets (June 1997)
- Continuous disclosure (November 1996)
- Compulsory acquisitions (January 1996)
- Law of derivatives: an international comparison (January 1995)
- Anomalies in the takeovers provisions of the Corporations Law (March 1994)
- Collective investments: other people's money (September 1993) (in conjunction with the Australian Law Reform Commission)
- Statutory derivative actions (July 1993)
- Collective investments: superannuation (March 1992) (in conjunction with the Australian Law Reform Commission)
- Prospectus law reform (March 1992)
- Company directors and officers: indemnification, relief and insurance (February 1992)
- An enhanced statutory disclosure system (September 1991)
- Report on reform of the law governing corporate financial transactions (Related party financial transactions) (July 1991).

The Committee

Overview

CAMAC is established under the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) to provide informed and expert advice to the Minister about corporate, financial product and financial market matters (ss 1(1)(c) and 148).

Its members are appointed by the Minister following consultation with the States and Territories.

CAMAC receives specialist legal advice from its Legal Committee, whose members are also appointed by the Minister.

The CAMAC Convenor has appointed three CAMAC members to an audit committee.

During 2010-11, CAMAC also introduced a new system of sub-committees including CAMAC and Legal Committee members for each of its current terms of reference.

CAMAC comes under the *Financial Management and Accountability Act 1997* for the purpose of financial accountability.

The Committee is supported by a full-time Executive located in Sydney.

For CAMAC's outcome and program structure, see Appendix 2.

Functions

The Committee's statutory functions are 'on its own initiative or when requested by the Minister, to advise the Minister, and to make to the Minister such recommendations as it thinks fit, about any matter' relating to corporations and financial services law, administration and practice. The Committee sees its role as being to provide informed, objective and independent advice to the Minister on such matters. In so doing, it seeks to promote a sound and effective regulatory framework for corporate activity and financial services and efficient financial markets.

CAMAC comes under the Treasury Portfolio.

In fulfilling its functions, CAMAC undertakes reviews, resulting in the presentation and publication of reports, and also responds to particular requests from the Minister for advice. Its general practice for major reviews is to invite and consider submissions from interested persons, and take into account the expert advice of its Legal Committee, before settling a report to the Minister. In matters where the Minister requires urgent advice, CAMAC prepares a report on the basis of its own deliberations, in consultation with its Legal Committee.

Through consultation and the provision of timely advice to the Minister, CAMAC seeks to ensure that Australian financial markets and corporations operate in a commercial environment of the highest standard, supported by appropriate legislation.

Membership

CAMAC is a body corporate, comprising part-time members appointed in their personal capacity by the Minister. The Minister appoints one of the members as the Convenor.

The members are selected, following consultation between the Commonwealth and the States, on the basis of their knowledge of, or experience in, business, the administration of companies, the financial markets, financial products and financial services, law, economics or accounting. The Chairperson of the Australian Securities and Investments Commission (ASIC) is a member of CAMAC by virtue of s 147 of the ASIC Act. The ASIC Chairperson may nominate a member of ASIC or an SES employee or acting SES employee of ASIC to attend in his or her place (s 153(1A), (1B)).

The members during 2010–11 are set out below.

- **Joanne Rees, Convenor (Sydney) (appointed until April 2013).** Joanne is Chief Executive Officer of Allygroup. She has worked as a barrister and solicitor specialising in commercial litigation and legal management consulting. Over the past 15 years, Joanne has focused on advising both federal and state government, including the Australian Securities and Investments Commission (ASIC). As part of her work leading the practice of Phillips Fox (now DLA Phillips Fox), Joanne has managed key government accounts, including with the Department of Health and Aged Services, Comcare, Defence, ComSuper, Health Insurance Commission, AusAID, Department of Finance and Administration, Centrelink, the Public Service Commission and the Department of Social Security. Joanne also project managed ASIC’s high-profile HIH case.

- **Zelinda Bafile (Perth) (appointed until May 2011).** Zelinda is a lawyer and director. As a former General Counsel and Executive at Home Building Society Ltd for over 20 years, she has extensive commercial experience and governance expertise in the banking and finance industry. Zelinda's term expired on 22 May 2011.

- **Tony D'Aloisio (Sydney).** Tony was the Chairman of the Australian Securities and Investments Commission until May 2011. Before joining ASIC, Tony was Managing Director and Chief Executive Officer at the Australian Stock Exchange from 2004 to 2006. Previously, he was Chief Executive Partner at Mallesons Stephen Jaques between 1992 and 2004. Tony joined Mallesons in 1977 as a commercial lawyer, with principal areas of practice in mergers and acquisitions, taxation and restrictive trade practices and international trade and investment. He was also involved in extensive assessment of overseas markets in Asia, USA and the UK.

- **Ian Eddie (Tweed Heads, NSW) (appointed until May 2011).** Ian is Director of the Graduate College of Management and Professor of Accounting at Southern Cross University. He is a Fellow of CPA Australia and has experience as a director, corporate adviser and consultant on securities market developments. Former positions he has held include Dean of the Faculty of Business and Government at the University of Canberra and Head of the New England Business School, University of New England. Ian has published many articles on accounting practice, corporate financial reporting, corporate governance and international capital markets. Ian's term expired on 22 May 2011.

- **Belinda Gibson (Sydney).** Belinda is Deputy Chairman of the Australian Securities and Investments Commission. She has responsibility to the Commission for regulation of corporations and also markets and for market integrity issues. Belinda was a Partner at Mallesons Stephen Jaques, where she specialised in transactional advice and in corporate and securities law. She has extensive knowledge of corporate governance and accounting practices in Australia. She was a director of Airservices Australia from 2000 to 2004.

  Pursuant to s 153(1A), (1B) of the ASIC Act, Belinda attended CAMAC meetings as representative of the ASIC Chairman.

- **David Gomez (Darwin) (appointed until May 2014).** David is the Principal of Audit and Assurance Services with Merit Partners Chartered Accountants, with responsibility for audit and assurance engagements in the Northern Territory, Western Australia and East Timor. He manages audits on behalf of the Northern Territory Auditor

General and the Australian National Audit Office. His previous positions include as Director Operations at ASIC's Northern Territory Regional Office, as a lawyer with the Australian Government Solicitor, as State Manager of Fraud Prevention and Internal Audit for the Commonwealth Department of Employment Education Training and Youth Affairs, and as an insolvency accountant with PKF Chartered Accountants. He has lectured in corporations law at Charles Darwin University. He is currently a member of the ASIC Regional Liaison Committee and the Northern Territory Local Government Accounting Advisory Committee. He is a fellow of CPA Australia and a member of the Law Society of the Northern Territory.

- **Jane McAloon (Melbourne) (appointed until May 2014).** Jane has been the Group Company Secretary, BHP Billiton since 2007. Her previous role was Group Manager, Corporate & External Services & Company Secretary at the Australian Gas Light Company (AGL). She spent six years working for the New South Wales Government, holding senior positions in the NSW Cabinet Office, the Department of Energy and Utilities and the Department of Land and Water Conservation. Her experience encompasses non-executive director roles on both private sector and government boards.

- **Alice McCleary (Adelaide) (appointed until May 2014).** Alice is a professional director and chartered accountant. She is a member of several boards and committees in the private and public sectors. Her professional background is in corporate taxation.

- **Denise McComish (Perth) (appointed until May 2014).** Denise has been a partner at KPMG for over 20 years, with significant experience in providing audit and assurance services to major companies operating in Western Australia, nationally and globally, particularly in the financial services, infrastructure and mining sectors. She regularly reports on internal controls, governance and risk issues to Boards and Audit Committees. She also has expertise in International Financial Reporting Standards, and served for six years on the Australian Accounting Standards Board. She is a fellow of the Institute of Chartered Accountants in Australia, a Council member and Chair of the Audit Committee of Edith Cowan University, and a director of other not-for-profit organizations.

- **Greg Medcraft (Sydney).** Greg is Chairman of the Australian Securities and Investments Commission, having been appointed to that position in May 2011. He joined ASIC as a Commissioner in February 2009, taking responsibility for the oversight of investment banking, investment managers, super funds and financial advisers. Before that, he had nearly 30 years' experience at global investment bank Société Générale in Australia, Asia, Europe and the Americas, including key leadership roles in securitisation and structured finance. He has been Chief Executive Officer of the Australian Securitisation Forum, after co-founding the American Securitisation Forum in 2002.

- **Marian Micalizzi (Brisbane) (appointed until April 2013).** Marian is a chartered accountant and director, with expertise in corporate and financial advisory areas. She is a current member of several boards and advisory committees.

- **Michael Murray (Sydney) (appointed until May 2014).** Michael is the Legal Director of the Insolvency Practitioners Association (IPA). In that role he is responsible for monitoring and developing legal and practice reforms in insolvency and corporate restructuring, and in providing support for the insolvency profession. He has been involved in IPA's submissions to government in the areas of insolvent trading, shareholder rights, and directors' responsibilities, and in the IPA's response to the 2010 Senate inquiry into insolvency regulation. He was previously a lawyer with the Australian Government Solicitor working in insolvency, tax and regulatory law. He was a solicitor assisting on the HIH Royal Commission from 2001 to 2003. Michael has written and presented widely on a range of issues in corporate and personal insolvency and is the author of *Keay's Insolvency* (7th ed, with Jason Harris) and of CCH's *Australian Insolvency Management Practice*. He is on the editorial board of the *Insolvency Law Journal* and on the advisory board of the University of Adelaide's *Bankruptcy and Insolvency Law Scholarship Unit* (BILS).

- **Geoffrey Nicoll (Canberra) (appointed until May 2014).** Geoff is an Executive Member of the Business Law Section of the Law Council of Australia. Since 2003, he has also sat as the Law Council's representative on the Business Advisory Committee of ASIC. At the University of Canberra, Geoff was the Director of the National Centre for Corporate Law and Policy Research (from 2006 to 2009), Acting Head of the Law School (2005), Director of the University's Governance Research Area (2004), and an Academic Director of the National Institute for Governance (from 2000 to 2003).

- **Ian Ramsay (Melbourne) (appointed until May 2014).** Ian is the Harold Ford Professor of Commercial Law in the Faculty of Law at the University of Melbourne where he is Director of the Centre for Corporate Law and Securities Regulation. He has practised law with firms in New York and Sydney. He is a member of the Takeovers Panel, the Companies Auditors and Liquidators Disciplinary Board, the Law Committee of the Australian Institute of Company Directors and the Corporations Law Committee of the Law Council of Australia. Former positions he has held include Dean of the Faculty of Law at the University of Melbourne, Head of the Federal Government inquiry on auditor independence and member of the International Federation of Accountants taskforce on rebuilding confidence in financial reporting. Ian has published extensively on corporate law issues both internationally and in Australia.

- **Robert Seidler AM (Sydney) (appointed until April 2013).** Bob is a consultant at Blake Dawson. He has been practising law for some 30 years, including nearly 10 years as a partner of an international firm based in Sydney and Tokyo. While working in Tokyo, he became the first Australian lawyer licensed to practise foreign law in Japan and was a member of The Ministry of International Trade and Industry Import Board, being appointed by the Japanese Prime Minister to represent Australia and New Zealand. He has been a director of various Australian subsidiaries of international banks and is currently a director of a large institutional property trust and on the board of two listed Australian companies.

- **Greg Vickery AM (Brisbane) (appointed until May 2014).** Greg is Special Counsel at Norton Rose Australia. He has been practising law as a Partner for over 35 years, primarily in the corporate and commercial areas. He is an Adjunct Professor of Law at the University of Queensland and regularly speaks on aspects of company law. He is a member of the Regional ASIC Committee in Queensland and of several Boards, and is National Chairman of Australian Red Cross and a member of the Governing Board of the International Red Cross and Red Crescent Movement.

During 2010–11, CAMAC met 6 times. The members attended the following number of meetings (where the terms of members did not cover the entire year, the number of meetings they were eligible to attend is shown):

- Joanne Rees—5
- Zelinda Bafile—3 of 5
- Ian Eddie—5 of 5
- Belinda Gibson (representative of ASIC Chairman)—6
- David Gomez—1 of 1
- Jane McAloon—0 of 1
- Alice McCleary—5
- Denise McComish—1 of 1
- Marian Micalizzi—6
- Michael Murray—1 of 1

- Geoffrey Nicoll—5
- Ian Ramsay—6
- Robert Seidler—6
- Greg Vickery—5.

Audit Committee

The Convenor, as Chief Executive of CAMAC, has established an audit committee, with the terms of reference required by regulation 22C of the *Financial Management and Accountability Regulations 1997*, in compliance with s 46 of the *Financial Management and Accountability Act 1997*.

During 2010–11, Alice McCleary was chair of the Audit Committee. Ian Eddie was a member until May 2011 and Marian Micalizzi was a member from May 2011 to July 2011.

David Gomez and Denise McComish were appointed to the Audit Committee in July 2011.

During 2010–11, the Audit Committee met twice.

Work of the Committee during 2010–11 included:

- a meeting with a representative of the Australian National Audit Office (ANAO) and an officer of the Australian Securities and Investments Commission to discuss audit issues affecting CAMAC
- a review of CAMAC's 2009–10 financial statements, with a recommendation that they be adopted with some minor amendments
- development of a new fraud control plan for CAMAC
- consideration of procedural issues relating to CAMAC's system for making payments, including the signing of cheques.

Legal Committee

CAMAC, under s 154 of the ASIC Act, may inform itself in such manner as it sees fit. Pursuant to that provision, the Legal Committee was formally established in September 1991. Its function is to provide expert legal analysis, assessment and advice to CAMAC in relation to such matters as are referred to it by CAMAC.

The members of the Legal Committee are appointed in their personal capacity by the Minister. They are selected from throughout Australia, following consultation between the Commonwealth and the States, on the basis of their expertise in corporate law.

The members during 2010–11 are set out below.

- **Greg Vickery AM, Convenor (Brisbane) (appointed until May 2014).** Greg is Special Counsel at Norton Rose Australia. He has been practising law as a Partner for over 35 years, primarily in the corporate and commercial areas. He is an Adjunct Professor of Law at the University of Queensland and regularly speaks on aspects of company law. He is a member of the Regional ASIC Committee in Queensland and of several Boards, and is National Chairman of Australian Red Cross and a member of the Governing Board of the International Red Cross and Red Crescent Movement.

- **Rosey Batt (Adelaide) (appointed until May 2014).** Rosey is the Principal of Rosey Batt and Associates, which she founded in 2001 after spending a number of years as a partner with Minter Ellison and then Norman Waterhouse. Her primary areas of practice are in Business Transactions, Trade Practices, Commercialisation of Business Opportunities, Intellectual Property, Agriculture and Corporate Governance. She has had extensive commercial legal experience acting for Publicly Listed Corporations, SME's and individuals and in complex Aviation, Corporations Law, Banking and Finance and Trade Practices litigation. As well as being a facilitator for the Australian Institute of Company Directors in their Company Directors Course, she has extensive Board experience and currently sits on several Private and Not for Profit Boards.

- **Lyn Bennett (Darwin) (appointed until November 2012).** Lyn is a partner with Minter Ellison, practising in commercial law. She has broad experience over 25 years, practising in Victoria and in recent years in Darwin. She is the chair of the commercial law sub-committee of the Law Society of the Northern Territory and a member of the Property and Commercial Law Taskforce assisting the Northern Territory government, and is also an appointed member of the Northern Territory Architects Board. She has been actively involved over many years in boards of various private community organizations and corporate entities.

- **Elizabeth Boros (Melbourne) (appointed until April 2013).** Elizabeth is a barrister based in Melbourne. Before coming to the Bar, she held the Sir Keith Aickin Chair of Company Law at Monash University and was a consultant in the corporate group at Blake Dawson. She is the author of *Minority Shareholders' Remedies* and the co-author of *Corporate Law*. She is a member of the Executive of the Law Council of Australia's Business Law Section, as well as that section's Corporations and E-Commerce committees. Her former external roles include terms as a director of ASX Supervisory Review Pty Ltd and External Expert to the Law Department at the London School of Economics.

- **Damian Egan (Hobart) (appointed until September 2014).** Damian is a commercial law partner with Murdoch Clarke and President of the Retirement Benefits Fund Board (Tasmania) and chair of its Investment Committee. He is a board member of Hobart Airport and several responsible entities (trustees) concerning mortgage funds and mortgage backed securities. Damian is also a member of the governing board of Hobart City Mission.

- **Jennifer Hill (Sydney) (appointed until April 2013).** Jennifer is a Professor of Law at the University of Sydney. She teaches, and has written widely in, corporate law and corporate governance, and has been a Visiting Professor at a number of US law schools, including the University of Virginia, the University of Texas at Austin and Vanderbilt University. She is a Research Associate of the European Corporate Governance Institute (ECGI) and a member of several international editorial boards, including *International Corporate Law and Financial Regulation* for Cambridge University Press.

- **James Marshall (Sydney) (appointed until April 2013).** James is a partner of Blake Dawson and is the Head of the Restructuring and Insolvency Group of that firm. He practises in the areas of business turnaround and restructuring and has been active in the distressed debt markets. He has a longstanding interest in insolvency law reform and was a member of the Insolvency Law Advisory Group, which was commissioned by Treasury to advise it in relation to the proposed amendments to the corporate insolvency legislation. He lectures on insolvency topics at the Law School of the University of Sydney. James is also a member of the Financial Services Institute of Australasia and the Insolvency Practitioners Association.

- **David Proudman (Adelaide) (appointed until April 2013).** David is a partner of Johnson Winter & Slattery and was admitted as a practitioner in South Australia in 1986. He is a past National Chair of the Insolvency & Reconstruction Committee of the Law Council of Australia. He was a member of the Insolvency Law Advisory Group appointed by the Parliamentary Secretary to the Treasurer to advise on the Corporations Amendment (Insolvency) Bill 2007 and is a member of the Consultative Group on Personal Property Security Reform, having been appointed by the Attorney-General. David advises banks, financial institutions, corporations and insolvency practitioners in all aspects of corporate insolvency, workouts, reconstructions and recoveries.

- **Simon Stretton SC (Adelaide) (appointed until May 2011).** Simon is Adjunct Professor of Law at the University of South Australia and a judge of the District Court of South Australia. Most recently Crown Solicitor for the State of South Australia, he is a former member of the Companies Auditors and Liquidators Disciplinary Board and a former ASIC Regional Commissioner. Prior to that, he was General Counsel of the NSW Independent Commission Against Corruption and NSW Crime Commission General Counsel. He has been a member of various committees advising on corporate and regulatory issues. As a barrister and senior counsel, he specialised in corporate and commercial litigation and probity auditing. Simon's term expired on 22 May 2011.

- **Gabrielle Upton (Sydney) (resigned April 2011).** Gabrielle is the Member for Vaucluse in the New South Wales Legislative Assembly and is the Parliamentary Secretary for Tertiary Education and Skills. She was previously legal counsel with the Australian Institute of Company Directors and has also worked as a banker at Deutsche Bank and Toronto Dominion Bank in New York and in Sydney as a lawyer at Freehills and Phillips Fox.

- **Rachel Webber (Perth) (appointed until September 2014).** Rachel is a Special Counsel at Jackson McDonald, practising in corporate and commercial law. Her primary areas of expertise include corporations law advice, with an emphasis on financial services regulation, corporate fundraising, ASX compliance, managed investments, mergers and acquisitions and general commercial law. She is the convenor of the Commercial Law Committee of the Law Society of Western Australia and is a member of the Corporations Committee of the Business Law Section of the Law Council of Australia.

During 2010–11, the Legal Committee met 3 times. The members attended the following number of meetings (where the terms of members did not cover the entire year, the number of meetings they were eligible to attend is shown):

- Greg Vickery—2
- Rosey Batt—0 of 0
- Lyn Bennett—3
- Elizabeth Boros—1
- Damian Egan—3
- Jennifer Hill—2

- James Marshall—2
- David Proudman—2
- Simon Stretton—3
- Gabrielle Upton—0
- Rachel Webber—3.

A representative of the Australian Securities and Investments Commission attended Legal Committee meetings as an invitee. During 2010-11, Grant Moodie and Andrew Fawcett attended Legal Committee meetings in that capacity.

Sub-committees

During 2010-11, CAMAC introduced a system of sub-committees for each of its current terms of reference.

Members of the sub-committees included CAMAC and Legal Committee members with relevant expertise and interest.

The sub-committee on executive remuneration comprised Robert Seidler, Ian Ramsay and Diane Brown of ASIC (on behalf of Belinda Gibson). The sub-committee held two meetings, at which all sub-committee members were present.

The sub-committee on managed investments comprised Robert Seidler and Geoffrey Nicoll of CAMAC, James Marshall and David Proudman of the Legal Committee and Pamela Hanrahan of ASIC (on behalf of Belinda Gibson). The sub-committee held two meetings, at which all sub-committee members were present.

The sub-committee on the definition of derivative comprised Joanne Rees, Robert Seidler, Denise McComish and Marian Micalizzi. The members of the sub-committee have conferred with the Executive in the conduct of this reference.

Executive

As at 30 June 2011, CAMAC had a full-time Executive of three officers, being John Kluver (Executive Director), Vincent Jewell (Deputy Director) and Thaumani (Timmi) Parrino (Office Manager).

The Executive carries out research, liaises with interested organizations and individuals and prepares, on the basis of the Committee’s deliberations, draft papers and other material for the Committee’s consideration.

John Kluver presented on executive remuneration at seminars conducted by Ernst & Young. Vincent Jewell presented on managed investments at the 2011 National Conference of the Insolvency Practitioners Association.

Coordination with other bodies

CAMAC, through the Executive, maintains contact with officers of the Commonwealth Treasury, ASIC and other relevant government and private sector bodies. Representatives of Treasury attend CAMAC and Legal Committee meetings, at the invitation of the Committees. A senior officer of ASIC also attends Legal Committee meetings, at that Committee's invitation.

CAMAC also receives administrative support from ASIC, including, in particular, from ASIC's Finance Section in Sydney, its Payroll Section in Brisbane, its information technology officers and the ASIC Library.

Other information

Financial performance

CAMAC operated within budget during the 2010–11 financial year.

Ethics

CAMAC staff members are required to adhere to the Australian Public Service values and code of conduct under the *Public Service Act 1999*.

Australian Public Service values include performing functions impartially and professionally, the highest ethical standards, open accountability, providing frank, honest, comprehensive, accurate and timely advice to government and promoting communication, consultation, co-operation and input from employees.

The requirements of the code of conduct include honesty, care and diligence, courtesy, compliance with the law, avoiding conflicts of interest and proper use of Commonwealth resources and information.

Fraud

CAMAC has a fraud control plan, which it implements with the assistance of the ASIC fraud control section, and a fraud business risk assessment.

During 2010–11, the CAMAC Audit Committee and the Executive, in consultation with ASIC's fraud control section, reviewed CAMAC's fraud control policy and plan, with a view to making recommendations to the Convenor about the adoption of an updated fraud control policy and plan, taking into account the *Commonwealth Fraud Control Guidelines 2011*.

CAMAC has appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet its needs and comply with the Commonwealth Fraud Control Guidelines (including the reporting aspects of those guidelines).

The main fraud control risks for CAMAC are:

- material non-compliance with relevant legislation, including the FMA Act, with the intention of defrauding the Commonwealth

- unethical behaviour, misconduct or impropriety
- break, enter and steal property.

CAMAC has taken all reasonable measures to minimise the incidence of fraud and to ensure that any fraud against CAMAC will be investigated and the proceeds of that fraud recovered. These measures have proved effective, as there have been no known incidents of fraud.

External scrutiny

CAMAC's accounting records are audited each year by the Australian National Audit Office.

During the financial year, there were no judicial decisions or decisions of administrative tribunals or reports by the Auditor-General (other than the annual independent auditor's report prepared by the Australian National Audit Office on CAMAC's financial statements), a Parliamentary Committee or the Commonwealth Ombudsman concerning, or that may have a significant impact on, the operations of CAMAC.

Management of human resources

As at 30 June 2011, CAMAC had three full-time ongoing APS employees based in Sydney (two male and one female), being:

- an Executive Director (SES level)
- a Deputy Director (Executive Level 2)
- an Office Manager (APS 6).

The Executive Director is employed pursuant to a contract for services with CAMAC, with his salary and other entitlements being linked to Treasury SES salary scales and other entitlements. The Executive Director does not receive performance pay.

The salaries and other entitlements of the Deputy Director and the Office Manager are linked to relevant ASIC officer salary scales and entitlements, which are determined under a collective agreement for ASIC staff. The Deputy Director and the Office Manager each received a performance bonus in the 2010–11 financial year. Given that only two employees received performance bonuses and they are in separate classification levels, it is not possible to specify the respective amounts without identifying the amount of the payment to each individual.

Staff members attend seminars from time to time on matters related to the policy or administrative work of CAMAC.

No occupational health and safety issues arose during the 2010–11 financial year.

Purchasing

CAMAC's general policy is that any major capital items are purchased through arrangement with ASIC, which follows the *Commonwealth Procurement Guidelines*.

Consultants

During 2010–11, CAMAC did not enter into any new consultancy contracts and there were no active ongoing consultancy contracts.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website **www.tenders.gov.au**.

Competitive tendering and contracting

CAMAC did not undertake any competitive tendering or contracting during the 2010–11 financial year.

Australian National Audit Office Access Clauses

CAMAC has not entered into any contract of $100,000 or more during the reporting period that does not provide for the Auditor-General to have access to the contractor's premises.

Exempt contracts

CAMAC has no contracts or standing offers that have been exempted from being published in AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Commonwealth Disability Strategy

General information on the Commonwealth's role as employer under the Commonwealth Disability Strategy is available in the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*, available at **www.apsc.gov.au**.

Other information is available at **www.fahcsia.gov.au** and **www.socialinclusion.gov.au**.

Occupational health and safety

CAMAC has Health and Safety Management Arrangements, developed pursuant to s 16(2)(d) of the *Occupational Health and Safety Act 1991*.

All CAMAC staff members are aware of those arrangements.

Given the small number of full-time employees, CAMAC has not seen a need to establish a committee to deal with occupational health and safety matters. All employees, and CAMAC and Legal Committee members when attending meetings, are covered under Comcare and Comcover.

No accidents or dangerous occurrences, or relevant investigations, took place during the 2010–11 financial year.

Freedom of information

Statement covering the period from 1 July 2010 to 30 April 2011

CAMAC maintains a website www.camac.gov.au, which describes its organization and functions and on which its discussion papers, submissions on those discussion papers (unless marked private and confidential), reports and annual reports are publicly available.

CAMAC discussion papers invite interested bodies or persons to comment on matters that it is considering.

The website also provides contact details of CAMAC officers.

Statement covering the period from 1 May 2011 to 30 June 2011

From 1 May 2011, agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. An agency plan showing what information is published in accordance with the IPS requirements is accessible from agency websites.

No matter involving freedom of information arose during the 2010–11 financial year.

Advertising and market research

CAMAC does not carry out any advertising or market research.

Ecologically sustainable development and environmental performance

As a small agency with only three full-time staff operating from a single location in Sydney, CAMAC has a limited environmental impact. The CAMAC Executive seeks to use the minimum energy, water, paper and other resources necessary to perform its functions and keeps under constant review possible measures to reduce its environmental impact.

Discretionary grants

CAMAC does not administer any discretionary grant programs.

Legal services expenditure

CAMAC had no legal services expenditure during the 2010–11 financial year.

Glossary

APS	Australian Public Service
ASIC	Australian Securities and Investments Commission
ASIC Act	*Australian Securities and Investments Commission Act 2001*
ASX	Australian Securities Exchange
CAMAC	Corporations and Markets Advisory Committee
FMA Act	*Financial Management and Accountability Act 1997*
FOI Act	*Freedom of Information Act 1982*
MIS	managed investment scheme
RE	responsible entity
SES	Senior Executive Service

Date and signing of report

This Annual Report is signed by the Convenor, Joanne Rees, as Agency Head of the Corporations and Markets Advisory Committee.

Joanne Rees
Convenor
15 September 2011

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Parliamentary Secretary to the Treasurer

I have audited the accompanying financial statements of the Corporations and Markets Advisory Committee (the Committee) for the year ended 30 June 2011, which comprise: the Statement by Chief Executive and Executive Director; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Statement of Cash Flows; Schedule of Asset Additions; Schedule of Commitments; Schedule of Contingencies and Notes to and forming part of the Financial Statements, including a Summary of significant accounting policies.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Committee's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting

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estimates made by the Chief Executive of the Committee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Corporations and Markets Advisory Committee:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Corporations and Markets Advisory Committee's financial position as at 30 June 2011 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office

CJago

Carla Jago
Executive Director
Delegate of the Auditor General

Canberra

30 August 2011

Financial statements

for the year ended 30 June 2011

STATEMENT BY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR

In our opinion, the attached financial statements for the year ended 30 June 2011 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Joanne Rees
Convenor (Chief Executive)
30 August 2011

John Kluver
Executive Director
30 August 2011

Statement of comprehensive income

for the year ended 30 June 2011

	Note	2011 $	2010 $
EXPENSES			
Employees	4a	563,944	555,545
Suppliers	4b	357,985	377,840
Depreciation and amortisation	4c	6,764	8,471
Write down and impairment of assets	4d	65,703	–
Finance costs	5	2,791	2,642
Total expenses	18	997,187	944,498
Gains			
Resources received free of charge	6a	15,100	14,628
Total own-source income		15,100	14,628
Net cost of services		982,087	929,870
Revenues from Government	6b	1,021,000	1,040,000
Surplus attributable to the Australian Government		38,913	110,130
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserve		21,453	–
Total comprehensive income attributable to the Australian Government	19	60,366	110,130

The above statement should be read in conjunction with the accompanying notes.

Balance sheet

as at 30 June 2011

	Note	2011 $	2010 $
ASSETS			
Financial assets			
Cash	7a	64,781	78,083
Receivables	7b	672,269	513,985
Total financial assets		737,050	592,068
Non-financial assets			
Leasehold improvements	8a	28,177	17,829
Plant and equipment	8b	12,351	76,459
Other non-financial assets	8d	4,228	5,774
Total non-financial assets		44,756	100,062
TOTAL ASSETS		781,806	692,130
LIABILITIES			
Payables			
Suppliers	9a	12,714	8,682
Other payables	9b	84,850	90,551
Total payables		97,564	99,233
Provisions			
Employees	10a	280,748	262,361
Other provisions	10b	41,962	49,370
Total provisions		322,710	311,731
TOTAL LIABILITIES		420,274	410,964
NET ASSETS		361,532	281,166
EQUITY			
Contributed equity		20,000	–
Reserves		22,141	688
Accumulated surplus		319,391	280,478
TOTAL EQUITY		361,532	281,166

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the year ended 30 June 2011

	Accumulated results		Asset revaluation reserve		Contributed equity		TOTAL EQUITY	
	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$
Opening balance	280,478	219,348	688	688	–	–	281,166	220,036
Operating surplus	38,913	110,130	–	–	–	–	38,913	110,130
Revaluation	–	–	21,453	–	–	–	21,453	–
Total comprehensive income attributable to the Australian Government	38,913	110,130	21,453	–	–	–	60,366	110,130
Transactions with owners:								
Appropriations—contributed equity	–	–	–	–	20,000	–	20,000	–
Return of unspent depreciation	–	(49,000)	–	–	–	–	–	(49,000)
	–	(49,000)	–	–	20,000	–	20,000	(49,000)
Closing balance attributable to the Australian Government	319,391	280,478	22,141	688	20,000	–	361,532	281,166

The above statement should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2011

	Note	2011 $	2010 $
OPERATING ACTIVITIES			
Cash received			
Appropriations		848,332	913,382
GST recovered from ATO		34,486	39,540
Total cash received		882,818	952,922
Cash used			
Employees		(540,666)	(541,703)
Suppliers		(368,001)	(391,700)
Total cash used		(908,667)	(933,403)
Net cash from operating activities	11	(25,849)	19,519
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment		(7,453)	(6,062)
Net cash (used) by investing activities		(7,453)	(6,062)
FINANCING ACTIVITIES			
Cash received			
Appropriations—contributed equity		20,000	–
Net cash (used) by financing activities		20,000	–
Net increase/(decrease) in cash held		(13,302)	13,457
Cash at the beginning of the reporting period		78,083	64,626
Cash at the end of the reporting period	7a	64,781	78,083

The above statement should be read in conjunction with the accompanying notes.

Schedule of asset additions

for the year ended 30 June 2011

The following non-financial non-current assets were added in 2010–11

	Leasehold improvements	Plant and equipment	Total
	$	$	$
By purchase—appropriation ordinary annual services	3,000	4,453	7,453
Total additions	3,000	4,453	7,453

The following non-financial non-current assets were added in 2009–10

	Leasehold improvements	Plant and equipment	Total
	$	$	$
By purchase—appropriation ordinary annual services	–	7,216	7,216
Total additions	–	7,216	7,216

Schedule of commitments

as at 30 June 2011

	Note	2011 $	2010 $
BY TYPE			
Other commitments			
Office equipment		–	1,540
Operating leases	(a)	460,643	627,120
Total other commitments		460,643	628,660
Commitments receivable	(b)	(41,877)	(57,150)
Net commitments by type		418,766	571,510
BY MATURITY			
Office equipment:			
One year or less		–	1,540
Operating lease commitment:			
One year or less		173,135	166,477
From one to five years		287,508	460,643
Total operating lease commitments		460,643	628,660
Commitments receivable			
Office equipment:			
One year or less		–	(140)
Operating lease commitment:			
One year or less		(15,740)	(15,134)
From one to five years		(26,137)	(41,876)
Total commitments receivable	(b)	(41,877)	(57,150)
Net commitments by maturity		418,766	571,510

Notes:

(a) Operating leases included are effectively non-cancellable and comprise:

Nature of lease	*General description of leasing*
Leases for office accommodation	. Subject to fixed annual increase . No contingent rentals exist

(b) Commitments receivable consist of GST recoverable in respect of operating leases. All commitments are GST inclusive.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of contingencies

as at 30 June 2011

Contingent liabilities

There were no quantifiable contingent liabilities as at 30 June 2011 (2010: nil).

Contingent assets

There were no quantifiable contingent assets as at 30 June 2011 (2010: nil).

Unquantifiable contingent liabilities

There were no unquantifiable contingent liabilities as at 30 June 2011 (2010: nil).

Unquantifiable contingent assets

There were no unquantifiable contingent assets as at 30 June 2011 (2010: nil).

The above schedule should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

for the year ended 30 June 2011

Notes

1	Summary of significant accounting policies
2	Events after the balance sheet date
3	Economic dependency
4	Operating expenses
5	Finance costs
6	Operating revenue
7	Financial assets
8	Non-financial assets
9	Payables
10	Provisions
11	Cash flow reconciliation
12	Related party disclosures
13	Remuneration of members and executive officer
14	Remuneration of auditor
15	Average staffing levels
16	Financial instruments
17	Appropriations
18	Reporting of outcomes
19	Comprehensive income attributable to CAMAC

1 Summary of significant accounting policies

1.1 Objective of Corporations and Markets Advisory Committee

The Corporations and Markets Advisory Committee (CAMAC) is an independent body operating under the *Australian Securities and Investments Commission Act 2001* to provide informed and expert advice to the Minister about corporate, financial product and financial market matters.

The objectives of CAMAC are to stimulate and lead the debate on the enhancement of standards for corporations and participants in financial markets and to provide the Australian Government with advice of the highest quality on any steps needed to achieve this, including suitable regulatory reform where necessary.

CAMAC is an agency prescribed under Schedule 1, Part 1 of the *Financial Management and Accountability Regulations 1997* (FMA Regulations).

1.2 Basis of preparation of the financial statements

The financial statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* (FMA Act) and are a general purpose financial report.

The financial statements and notes have been prepared in accordance with the:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2010; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets, which are at fair value. Except where stated, no allowance is made for the effect of changing prices on results or the financial position of CAMAC. The financial report is presented in Australian dollars.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to CAMAC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are not recognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new accounting standards, amendments to standards and interpretations applicable to current reporting period were issued by the Australian Accounting Standards Board prior to the signing date, but have not had a material financial impact on CAMAC.

- AASB 7 *Financial Instruments: Disclosure*—June 2010 (Compilation)
- AASB 118 *Revenue*—May 2009 (Compilation)
- AASB 132 *Financial Instruments: Presentation*—June 2010 (Compilation)
- AASB 139 *Financial Instruments: Recognition and Measurement*—June 2009 (Compilation)

Other new standards or revised standards that were issued prior to the signing date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on CAMAC.

Future Australian Accounting Standard requirements

The following new standards and interpretations may have an impact on CAMAC in future reporting periods but are not yet effective:

- AASB 9 *Financial Instruments*—December 2010 (Compilation)
- AASB 101 *Presentation of Financial Statements*—October 2010 (Compilation)
- AASB 107 *Statement of Cash Flows*—October 2010 (Compilation)
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*—December 2009 (Compilation)

- AASB 110 *Events after the Reporting Period*—December 2009 (Compilation)
- AASB 118 *Revenue*—October 2010 (Compilation)
- AASB 119 *Employee Benefits*—October 2010 (Compilation)
- AASB 132 *Financial Instruments: Presentation*—October 2010 (Compilation)
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*—October 2010 (Compilation)
- AASB 139 *Financial Instruments: Recognition and Measurement*—October 2010 (Compilation)
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*—December 2010
- Interpretation 4—*Determining whether an Arrangement contains a Lease*—December 2009 (Compilation)
- Interpretation 115—*Operating Leases—Incentives*—October 2010 (Compilation)
- Interpretation 127—*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*—October 2010 (Compilation)
- Interpretation 132—*Intangible Assets—Web Site Costs*—October 2010 (Compilation)

Other new standards or revised standards that were issued prior to the signing date and are applicable to future reporting periods are not expected to have a financial impact on CAMAC.

1.4 Revenue

Revenues from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when CAMAC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Resources received free of charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

1.5 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken in future years by employees of CAMAC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including CAMAC's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

Superannuation

CAMAC employees are members of the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS).

The CSS and PSS are defined benefit schemes of the Australian Government.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

CAMAC makes employer contributions to the CSS & PSS at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of CAMAC's employees.

1.6 Leases

All leased assets have been classified as operating leases, as substantially all the risks and benefits incidental to the ownership of the leased assets remain with the lessor.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.7 Finance costs

Finance costs are expensed as incurred.

1.8 Cash

Cash means petty cash and deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.9 Other non-financial assets—prepayments

Prepayments are recognised at their nominal amounts, being cost.

1.10 Financial assets and financial liabilities

Financial assets

CAMAC's financial assets are classified as 'loans and receivables' for the purposes of AASB139 *Financial Instruments: Recognition and Measurement*.

Financial assets are recognised and derecognised at transaction date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets are held at amortised cost. If there is objective evidence that an impairment loss has been incurred for 'loans and receivables' financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities' for the purposes of AASB139 *Financial Instruments: Recognition and Measurement*.

Financial liabilities are recognised and derecognised at transaction date.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of whether they have been invoiced).

1.11 Acquisition of assets

Assets are recorded at cost on acquisition, provided the asset recognition threshold is satisfied (refer to note 1.12). The cost on acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

1.12 Leasehold improvements, plant and equipment

Asset recognition threshold

Acquisitions of leasehold improvements, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located, if restoration is contractually required. 'Make good' provisions in property leases are accounted for on this basis. These costs are included in the value of CAMAC's leasehold improvements with a corresponding restoration provision recognised.

Revaluations

Fair values of each class of asset are determined as shown below:

Asset class	**Fair value measured at:**
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market value

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/(deficit). Revaluation decrements for a class of assets are recognised directly in the surplus/(deficit) except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Assets that are surplus to requirements are measured at their net realisable value. At 30 June 2011 CAMAC held no surplus assets.

Depreciation and amortisation

Depreciable plant and equipment assets (including library books) are written down to their estimated residual values over their estimated useful lives to CAMAC using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current reporting period, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable assets are based on the following useful lives:

	2011	2010
Leasehold improvements	**Lease Term**	Lease Term
Plant and equipment	**2–40 years**	2–40 years

1.13 Impairment of non-current assets

Leasehold improvements, plant and equipment are assessed for impairment at the end of each financial year. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if CAMAC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.14 Other provisions

In accordance with AASB 116 *Property, Plant & Equipment* and AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, CAMAC recognises a liability for estimated restoration costs relating to leased premises where the lease creates an obligation for CAMAC to make good those premises.

1.15 Taxation

CAMAC is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST). CAMAC recovers GST from the Australian Taxation Office.

Revenues, expenses, assets and liabilities are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.16 Insurance

CAMAC has insured for risks through Comcover, the Government's insurable risk managed fund. Workers' compensation is insured through Comcare Australia.

1.17 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.18 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

1.19 Changes in accounting policy

There have been no changes in accounting policies during the year ended 30 June 2011.

1.20 Rounding

The figures in these financial statements have been rounded to the nearest dollar.

2 Events after the balance sheet date

There were no events occurring after balance sheet date that had a material effect on the financial statements.

3 Economic dependency

CAMAC is controlled by the Commonwealth of Australia. Accordingly, CAMAC is dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities and functions as set out in section 148 of the *Australian Securities and Investments Commission Act 2001*.

4 Operating expenses

	Notes	2011 $	2010 $
4a Employees & members			
Salaries		463,173	437,860
Superannuation	(i)	66,967	67,273
Leave and other entitlements		33,804	50,412
Total employee expenses		563,944	555,545

(i) Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations. Superannuation payments for members are paid into private superannuation funds and the Public Sector Superannuation Scheme (PSS). Refer to note 13a for remuneration of members.

	Notes	2011 $	2010 $
4b Suppliers			
Goods and Services			
Audit fee		15,100	14,628
Management fee		69,000	69,000
Office requisites		13,920	17,631
Postage		5,631	7,947
Property related outgoings		16,828	19,820
Stationery		2,940	2,011
Subscriptions		12,358	11,865
Travel		62,869	75,796
Other goods and services		16,652	15,123
Total Goods and Services		215,298	233,821
Goods and services are made up of:			
Rendering of services from related entities		85,595	84,182
Rendering of services from external entities		117,345	137,774
Provision of goods from external entities		12,358	11,865
Total goods and services expenses		215,298	233,821
Other supplier expenses			
Operating lease rentals	(i)	140,749	141,463
Workers compensation premiums		1,938	2,556
Total other supplier expenses		142,687	144,019
Total suppliers expenses		357,985	377,840

(i) These comprise minimum lease payments only.

	Note	2011 $	2010 $
4c Depreciation and amortisation			
Depreciation of plant and equipment	8c	2,858	3,732
Amortisation of leasehold improvements	8c	3,906	4,739
Total Depreciation and Amortisation Expense	8c	6,764	8,471

	Note	2011 $	2010 $
4d Write down and impairment of assets			
Write down and impairment of assets	8c	65,703	–

(i) During 2010–11 CAMAC wrote off library assets as the online resource material is now more efficient and effective to meet CAMAC's needs.

5 Finance costs

	2011 $	2010 $
Unwinding of discount on other provisions	2,791	2,642

6 Operating revenue

	Note	2011 $	2010 $
6a Gains			
Resources received free of charge	(i)	15,100	14,628
6b Revenues from Government			
Departmental outputs		1,021,000	1,040,000

(i) As a prescribed agency, CAMAC receives audit services from the Australian National Audit Office free of charge. The fair value of the service received for the reporting period is $15,100 (2010: $14,628).

7 Financial assets

	Note	2011 $	2010 $
7a Cash			
Cash on hand		1,000	1,000
Cash at bank		63,781	77,083
Total cash		64,781	78,083
7b Receivables			
Appropriation receivable		625,279	452,610
Other receivable—external parties	(i)	40,650	56,386
GST receivable		6,340	4,989
Total receivables		672,269	513,985
Receivables are expected to be recovered:			
No more than 12 months		647,353	471,903
More than 12 months		24,916	42,082
		672,269	513,985

(i) The balance of Other receivable—external parties as at 30 June 2011 represents CAMAC's lease incentive receivable from the office accommodation lease that was renewed during the 2008–09 financial year (Note 9b refers).

8 Non-financial assets

	Note	2011 $	2010 $
8a Leasehold improvements			
Leasehold improvements—at fair value		28,609	42,685
Accumulated amortisation		(432)	(24,856)
Total leasehold improvements	8c	28,177	17,829
8b Plant and equipment			
Plant and equipment—at fair value		12,673	83,447
Accumulated depreciation		(322)	(6,988)
Total plant and equipment	8c	12,351	76,459

A valuation was undertaken by the Australian Valuation Office as at 30 June 2011. The valuation confirmed there was no material difference between the fair value and carrying value of plant and equipment assets and leasehold improvements.
No indicators of impairment were found for plant and equipment or leasehold improvements at 30 June 2011.

8c Analysis of leasehold improvements, plant and equipment

Table A Reconciliation of opening and closing balances of leasehold improvements and plant and equipment 2010–11

Item	Leasehold improvements	Plant and equipment	Total
As at 1 July 2010	$	$	$
Gross book value	42,685	83,447	126,132
Accumulated depreciation/amortisation	(24,856)	(6,988)	(31,844)
Opening net book value	17,829	76,459	94,288
Additions			
by purchase	3,000	4,453	7,453
Revaluation adjustment	11,254	(403)	10,851
Write off		(65,300)	(65,300)
Depreciation/amortisation expense	(3,906)	(2,858)	(6,764)
As at 30 June 2011			
Gross book value	28,609	12,673	41,282
Accumulated depreciation/amortisation	(432)	(322)	(754)
Closing net book value	28,177	12,351	40,528

Table B Reconciliation of opening and closing balances of leasehold improvements, plant and equipment 2009–10

Item	Leasehold improvements	Plant and equipment	Total
As at 1 July 2009	$	$	$
Gross book value	42,685	76,231	118,916
Accumulated depreciation/amortisation	(20,117)	(3,256)	(23,373)
Opening net book value	22,568	72,975	95,543
Additions			
by purchase	–	7,216	7,216
Depreciation/amortisation expense	(4,739)	(3,732)	(8,471)
As at 30 June 2010			
Gross book value	42,685	83,447	126,132
Accumulated depreciation/amortisation	(24,856)	(6,988)	(31,844)
Closing net book value	17,829	76,459	94,288

8d Other non-financial assets

	2011 $	2010 $
Prepayments	4,228	5,774

Prepayments are expected to be recovered in less than 12 months.

9 Payables

	Note	2011 $	2010 $
9a Supplier payables			
Trade creditors		12,714	8,682
Total supplier payables		12,714	8,682
9b Other payables			
Rent payable		18,211	14,499
Property lease incentive		36,955	51,260
Salaries and bonuses		29,684	24,792
Total other payables		84,850	90,551
Payables are expected to be settled:			
No more than 12 months		56,383	51,491
More than 12 months		28,467	39,060
		84,850	90,551

Suppliers are expected to be settled within 12 months.

10 Provisions

	2011 $	2010 $
10a Employees		
Leave entitlements	280,748	262,361
Total employee provisions	280,748	262,361
Employee provisions are expected to be settled:		
No more than 12 months	23,978	23,319
More than 12 months	256,770	239,042
	280,748	262,361
10b Other		
Restoration obligations—leased premises	41,962	49,370
Total other provisions	41,962	49,370
Reconciliation of the opening and closing balance of restoration provision		
Carrying amount 1 July	49,370	46,728
Revaluation adjustment	(10,199)	–
Unwinding of discount or change in discount rate	2,791	2,642
Closing balance 30 June	41,962	49,370

Restoration obligation is expected to be settled greater than 12 months.

11 Cash flow reconciliation

Reconciliation of cash per Balance Sheet to Statement of Cash Flows	Note	2011 $	2010 $
Cash and cash equivalents as per:			
Cash flow Statement		64,781	78,083
Balance Sheet		64,781	78,083
Reconciliation of net cost of services to net cash from operating activities:			
Net cost of services		982,087	929,870
Add revenue from Government		1,021,000	1,040,000
Surplus attributable to the Australian Government		38,913	110,130
Adjustments for non-cash items			
Depreciation and amortisation		6,764	8,471
Finance costs		2,791	2,642
Write down and impairment of non-financial assets		65,703	–
Changes in assets and liabilities resulting from operating activities			
Increase in employee provisions		18,387	11,970
(Increase)/decrease in prepayments		1,546	(1,795)
(Increase) in receivables		(158,284)	(102,269)
Increase/(decrease) in payables		(1,669)	(9,630)
Net cash received from operating activities		(25,849)	19,519

12 Related party disclosures

12a The members of the Advisory Committee during the financial year and to the date of this report were:

- Joanne Rees—Convenor
- Zelinda Bafile (term expired 22 May 2011)
- Belinda Gibson (nominee of ASIC's Chairman)
- Anthony D'Aloisio (ASIC Chairman until 12 May 2011)
- Greg Medcraft (ASIC Chairman from 13 May 2011)
- Ian Eddie (term expired 22 May 2011)
- David Gomez (appointed 23 May 2011)
- Jane McAloon (appointed 23 May 2011)
- Denise McComish (appointed 23 May 2011)
- Alice McCleary
- Marian Micalizzi
- Michael Murray (appointed 23 May 2011)
- Geoffrey Nicoll
- Ian Ramsay
- Robert Seidler
- Greg Vickery.

12b The members of the Legal Committee during the financial year and to the date of this report were:

- Greg Vickery—Convenor
- Rosey Batt (appointed 23 May 2011)
- Lyn Bennett
- Elizabeth Boros
- Damian Egan
- Jennifer Hill
- James Marshall
- David Proudman
- Simon Stretton (term expired 22 May 2011)
- Gabrielle Upton (resigned 7 April 2011)
- Rachel Webber.

12c During the financial year there were no related party transactions with Advisory Committee members or Legal Committee members, except for the payment of $69,000 to ASIC of which Greg Medcraft is the Chairman and Belinda Gibson is the Deputy Chairman (2010: $69,000).

The aggregate remuneration of members is disclosed in note 13a.

13 Remuneration of members and executive officer

13a Remuneration of members

The number of Advisory Committee and Legal Committee members paid sitting fees is shown below in the relevant remuneration bands.

Bands of remuneration	2011 Members	2010 Members
$0–$14,999	17	19
$15,000–$29,999	–	1

	2011 $	2010 $
Aggregate amount of superannuation payments in connection with the future retirements of Committee members, including Legal Committee members	2,042	4,668
Other remuneration received or due and receivable by Committee members, including Legal Committee members	43,507	59,962
Total remuneration received or due and receivable by Committee members, including Legal Committee members	45,549	64,630

13b(i) Remuneration of executive officer

	2011 Executive	2010 Executive
Total expense recognised in relation to Senior Executive employment		
Short-term employee benefits:		
Salary (including annual leave taken)	205,732	199,863
Changes in annual leave provisions	12,601	(11,094)
Total short-term employee benefits	218,333	188,769
Superannuation (post-employment benefits)	26,550	25,850
Long Service Leave	5,940	5,771
Total	250,823	220,390

13b(ii) Remuneration package of executive officer

	As 30 June 2011			As 30 June 2010		
Bands of income	Executives No.	Base salary	Total remuneration package	Executives No.	Base salary	Total remuneration package
$180,000 – $209,999	1	206,839	206,839	1	200,960	200,960

The executive remuneration includes the sole Executive Officer concerned with or taking part in the management of CAMAC during 2010–11 except for the members of the Committee. Details in relation to members of the Committee have been incorporated into note 13a Remuneration of members.

13b(iii) During the financial year there were no other employees whose salary plus performance bonus were $150,000 or more. (Nil in 2010).

14 Remuneration of auditor

	2011 $	2010 $
Financial statements audit services by the Auditor-General are provided free of charge to CAMAC. No other services were provided by the Auditor-General.	15,100	14,628

15 Average staffing levels

	2011	2010
The average staffing levels for CAMAC during the year were	3	3

16 Financial instruments

16a Market risk exposures

Currency risk

CAMAC's exposure to 'Currency risk' is minimal, as only a small number of contracts are in currencies other than Australian dollars.

Interest rate risk

CAMAC financial instruments are not exposed to interest rate risk.

16b Net fair values of financial instruments

	2011		2010	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial liabilities				
Trade creditors	12,714	12,714	8,682	8,682
Total financial liabilities	12,714	12,714	8,682	8,682

16c Credit risk exposures

CAMAC has no exposure to credit risk.

16d Liquidity risk exposures

CAMAC's financial liabilities are payables.

CAMAC does not expect to have difficulty meeting its financial liability obligations as and when they become payable.

17 Appropriations

Table A1: Annual appropriations ('recoverable GST exclusive')

	2011 appropriations					
	Appropriation Act		FMA Act			
	Annual appropriation	Appropriations reduced[1]	Section 31	Total appropriation	Appropriations applied in 2011 (current and prior years)	Variance[2]
Departmental						
Ordinary annual services	1,041,000	–	–	1,041,000	881,714	159,286
Other Services						
Equity	–	–		–	–	–
Total departmental	1,041,000	–	–	1,041,000	881,714	159,286

[1] Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. No reduction has been made by the Finance Minister in respect of CAMAC's 2010–11 appropriation.
[2] The underspend in departmental ordinary annual service 2010-11 primarily relates to members attending meetings by phone. There were also fewer Legal Committee meetings, which resulted in lower expenditure for sitting fees and travel. Also printing expenditure was reduced as one publication was published only on-line.

Table A2: Annual appropriations ('recoverable GST exclusive')

	2010 appropriations					
	Appropriation Act		FMA Act			
	Annual appropriation	Appropriations reduced	Section 31	Total appropriation	Appropriations applied in 2010 (current and prior years)	Variance[1]
Departmental						
Ordinary annual services	1,045,000	–	–	1,045,000	904,007	140,993
Other services						
Equity	–	–		–	–	–
Total departmental	1,045,000	–	–	1,045,000	904,007	140,993

[1] The underspend in departmental ordinary annual service 2009–10 primarily relates to fewer Legal Committee meetings, which resulted in lower expenditure for sitting fees and travel.

Table B: Unspent departmental appropriations ('recoverable GST exclusive')

Authority	2011 $	2010 $
Appropriation Act (No.1) 2008–2009	74,969	254,014
Appropriation Act (No.1) 2009–2010	169,759	198,596
Appropriation Act (No.1) 2010–2011	380,551	-
Total	625,279	452,610

18 Reporting of outcomes

CAMAC seeks to stimulate and lead the debate on the enhancement of standards for corporations and participants in financial markets and propose suitable regulatory reform where necessary. CAMAC operates solely from Sydney, Australia.

CAMAC's operations and activities that give effect to its role as a corporations and financial markets adviser are summarised in CAMAC's Outcome as follows:

> Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent expert advice.

Table A Net cost of outcome delivery

	Outcome 1	
	2011 $	2010 $
Expenses		
Departmental	997,187	944,498
Total expenses	997,187	944,498
Income from non-government sector		
Departmental	–	–
Total income from non-government sector	–	–
Total net cost of outcome delivery (a)	997,187	944,498

(a) The net cost of outcome delivery represents the expenses incurred by CAMAC less the revenue earned by CAMAC from other sources - each of these amounts is detailed in the Statement of Comprehensive Income.

Table B Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcomes

All CAMAC's major classes of departmental expenses, income, assets and liabilities can be attributed to Outcome 1.

19 Comprehensive income attributable to CAMAC

From 1 July 2010, the Federal Government introduced changes to the cash funding arrangements for Commonwealth agencies. CAMAC's 2010–11 Statement of Comprehensive Income and Statement of Changes in Equity should be considered within the context of the changes outlined below.

In 2009–10 and previous years, CAMAC's budgeted depreciation, amortisation and make-good expenses were funded through a departmental appropriation included and reported in total 'Revenue from Government' in the Statement of Comprehensive Income.

From 1 July 2010 this arrangement ceased and a new arrangement was introduced whereby CAMAC's replacement of 'business as usual assets' (ie individual assets with a value of less than $10m) are funded through an annual appropriation referred to as a 'Departmental Capital Budget' (DCB). This appropriation is recognised as 'contributed equity' and not revenue.

The table below is included to comply with the Finance Minister's Orders for Financial Reporting and to assist with the comparison of CAMAC's 2010–11 and 2009–10 Statement of Comprehensive Income results. It shows the comprehensive income that would have been attributable to CAMAC had the depreciation and amortisation expenses still been funded by an appropriation recognised as revenue in the Statement of Comprehensive Income for 2010–11 and equivalent to the expense.

	2011 $	2010 $
Total comprehensive income/(loss) attributable to CAMAC		
Total comprehensive income/(loss) attributable to the Australian Government as per the Statement of Comprehensive Income	60,366	110,130
Plus: non-appropriated expenses		
Depreciation and amortisation expense	6,764	–
Total comprehensive income/(loss) attributable to CAMAC	67,130	110,130

End of financial statements

Appendix 1 Agency resource statement

	Actual available appropriation for 2010-11 $'000	Payments made 2010-11 $'000	Balance remaining 2010-11 $'000
Ordinary annual services Departmental appropriation[1]	1,041	882	159
Total	1,041	882	159

[1] Includes $0.02 million in 2010-11 for the Departmental Capital Budget.

Appendix 2 Expenses and resources for outcome 1

Expenses and resources for Outcome 1

Outcome 1: informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice.	Budget* 2010-11 $'000	Actual expenses 2010-11 $'000	Variation 2010-11 $'000
Program 1.1: Corporations and Markets Advisory Committee			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	1,021	997	24
Revenues from independent sources (Section 31)	16	15	1
Special appropriations	0	0	0
Special accounts	0	0	0
Expenses not requiring appropriation in the Budget year	0	0	0
Total for Program 1.1	1,037	1,012	25
Total expenses for Outcome 1	1,037	1,012	25
Average staffing level (number)	3	3	3

* Full year budget, including any subsequent adjustment made to the 2010-11 Budget.

Appendix 3 List of requirements

This appendix contains the list of requirements set out in Attachment F of *Requirements for Annual Reports for departments, executive agencies and FMA Act bodies*, approved by the Joint Committee of Public Accounts and Audit under ss 63(2) and 70(2) of the *Public Service Act 1999*, and issued by the Department of the Prime Minister and Cabinet on 8 July 2011.

The column headed 'Location of item in the PM&C guidelines' identifies the relevant part of those guidelines (for instance, 'A.4' refers to the fourth item in Attachment A).

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
8(3) & A.4		Letter of transmittal	Mandatory	iii
A.5		Table of contents	Mandatory	v-vi
A.5		Index	Mandatory	76
A.5		Glossary	Mandatory	34
A.5		Contact officer(s)	Mandatory	ii
A.5		Internet home page address and Internet address for report	Mandatory	ii
9	Review by Secretary (Convenor)		Mandatory	1-2
9(1)		Review by departmental secretary (Convenor)	Mandatory	1-2
9(2)		Summary of significant issues and developments	Suggested	3-9
9(2)		Overview of department's performance and financial results	Suggested	29
9(2)		Outlook for following year	Suggested	11
9(3)		Significant issues and developments – portfolio	Portfolio departments – suggested	N/A
10	Departmental Overview		Mandatory	17
10(1)		Role and functions	Mandatory	17-18
10(1)		Organizational structure	Mandatory	17
10(1)		Outcome and program structure	Mandatory	17, 70
10(2)		Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	N/A

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
10(3)		Portfolio structure	Mandatory for portfolio departments	N/A
11	Report on Performance		Mandatory	3-9
11(1)		Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	3-9
11(2)		Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	3-9
11(2)		Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	N/A
11(2)		Narrative discussion and analysis of performance	Mandatory	3-9
11(2)		Trend information	Mandatory	N/A
11(3)		Performance of purchaser/ provider arrangements	If applicable, suggested	N/A
11(3)		Significant changes in nature of principal functions/ services	Suggested	N/A
11(3)		Factors, events or trends influencing departmental performance	Suggested	N/A
11(3)		Contribution of risk management in achieving objectives	Suggested	N/A
11(4)		Social inclusion outcomes	If applicable, mandatory	N/A
11(5)		Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	N/A
11(6)		Discussion and analysis of the department's financial performance	Mandatory	29
11(7)		Discussion of any significant changes from the prior year or from budget.	Suggested	N/A
11(8)		Agency resource statement and summary resource tables by outcomes	Mandatory	69, 70
11(9)		Developments since the end of the financial year that have affected or may significantly affect the department's operations or financial results in future	If applicable, mandatory	N/A

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
12	Management Accountability			
	Corporate Governance			
12(1)		Agency head is required to certify that her agency complies with the Commonwealth Fraud Control Guidelines	Mandatory	29
12(2)		Statement of the main corporate governance practices	Mandatory	23, 29-31
12(3)		Name of the senior executive and his responsibilities	Suggested	27
12(3)		Senior management committees and their roles	Suggested	23, 27
12(3)		Corporate and operational planning and associated performance reporting and review	Suggested	N/A
12(3)		Approach adopted to identifying areas of significant financial or operational risk	Suggested	29-30
12(3)		Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	29
12(3)		How nature and amount of remuneration for SES officers are determined	Suggested	30
	External Scrutiny			
12(4)		Significant developments in external scrutiny	Mandatory	30
12(4)		Judicial decisions and decisions of administrative tribunals	Mandatory	30
12(4)		Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	30
	Management of Human Resources			
12(5)		Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	30-31
12(6)		Workforce planning, staff turnover and retention	Suggested	30-31
12(6)		Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	N/A
12(6)		Training and development undertaken and its impact	Suggested	31
12(6)		Occupational health and safety performance	Suggested	31, 32
12(6)		Productivity gains	Suggested	N/A

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
12(7)		Statistics on staffing	Mandatory	30
12(8)		Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	30
12(9) & B		Performance pay	Mandatory	30
12(10)-(11)	Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	N/A
12(12)	Purchasing	Assessment of purchasing against core policies and principles	Mandatory	31
12(13)-(24) & C, D	Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website. (Additional information as in Attachment D to be available on the Internet or published as an appendix to the report. Information **must** be presented in accordance with the pro forma as set out in Attachment D.)	Mandatory	31
12(25)	Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	31
12(26)	Exempt contracts	Contracts exempt from the AusTender	Mandatory	31
13	Financial Statements	Financial Statements	Mandatory	38-68
	Other Mandatory Information			
14(1) & C		Occupational health and safety (section 74 of the *Occupational Health and Safety Act 1991)*	Mandatory	32
14(1) & C		Freedom of information for the period 1 July 2010 to 30 April 2011 inclusive (see terms of subsection 8(1) of the *Freedom of Information Act 1982* as it existed prior to 1 May 2011)	Mandatory	32

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
14(1) & C		Advertising and Market Research (Section 311A of the *Commonwealth Electoral Act 1918)* and statement on advertising campaigns	Mandatory	33
14(1) & C		Ecologically sustainable development and environmental performance (Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*)	Mandatory	33
14(2) & D		Grant programs	Mandatory	33
14(3) & D		Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	32
14(4)		Correction of material errors in previous annual report	If applicable, mandatory	N/A
F		List of Requirements	Mandatory	71-75

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