



Australian Government

Corporations and Markets Advisory Committee

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The Hon. Chris Pearce, MP
Parliamentary Secretary to the Treasurer
Parliament House
CANBERRA ACT 2600

Dear Mr Pearce

Statement of Intent

This Statement of Intent provides the response of the Corporations and Markets Advisory Committee (the Committee) to the Government's Statement of Expectations of 3 May 2007 in relation to the Committee's role and responsibilities, relationships with the Government, public accountability and operational issues.

Background

The Committee is constituted under Part 9 of the *Australian Securities and Investments Commission Act 2001* (the ASIC Act). The functions of the Committee, as reflected in ss 1(1)(c) and 148 of that Act, are to provide informed and expert advice to the Minister about corporate, financial product and financial market matters.

The members of the Committee are selected by the Minister, following consultation with the States and Territories, in their personal capacity on the basis of their knowledge of, or experience in, business, the administration of companies, financial markets, financial products and financial services, law, economics or accounting.

From 1 July 2007, the Committee is governed by the *Financial Management Accountability Act 1997* (the FMA Act), which deals with the proper management by government agencies of public money and public property and the lines of accountability and reporting for these matters within agencies.

The Committee's status as an FMA agency follows general recommendations in the *Review of the Corporate Governance of Statutory Authorities and Office Holders* (the Uhrig report) directed to the clarification of lines of accountability between agencies and their Ministers and how agencies relate to their portfolio departments.

The Role and Responsibilities of CAMAC

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 Treasurer and other Treasury Ministers 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.

The Committee will perform its functions and exercise its powers, as provided in the ASIC Act, in accordance with the requirements of that Act, the FMA Act and other applicable legislation.

The Committee will continue to inform itself on matters under consideration by conducting its own research and by taking into account information and views submitted by interested parties. In drawing together and presenting its conclusions, the Committee seeks, as well as providing advice to the Government, to promote informed understanding and debate of relevant issues in business, professional and investor circles and the broader community.

In carrying out its work and preparing its advice, the Committee notes and will be mindful of:

- the focus of the Government in the area of economic regulation to reduce unnecessary complexity, minimise compliance costs, enhance competition and better equip consumers to benefit from competitive markets
- the desirability of assessing, so far as practicable, the costs and benefits of alternative regulatory responses (and, in so doing, the Committee will keep itself informed of the Government's policies on best practice regulation)
- the Government's preference for regulation to identify the outcomes that are desired rather than prescribe how to achieve those outcomes.

When considering matters that might be reviewed by the Committee on its own initiative, the Committee will also, while not precluding its ability to raise other areas it may see as calling for high order attention, be mindful of the request that priority should be given to proposals that minimise procedural requirements and business costs and improve commercial certainty about the practical operation of the corporate regulatory framework. In this context, the Committee will look to identify areas where current regulatory and other arrangements unduly hamper commerce and business.

Relationship between the Committee and the Government

The Committee understands that its role in the context of the Government's responsibility for setting corporate regulatory policy is to guide regulatory policy in relevant areas by the provision of advice and by promoting informed discussion and the expression of views by interested parties.

Relationship with the Minister

The Committee's general practice over the years has been to give priority to matters referred to it by the Government for consideration and report. Where the Committee considers undertaking a significant review on its own initiative, it will, as requested and having regard to the resource and capacity implications of any such decision, seek comments from the relevant Treasury Minister.

The Committee will as requested refrain from publishing (pursuant to s 155 of the ASIC Act) any advice or recommendations to a Treasury Minister earlier than two weeks after it is provided to the Minister.

The Committee will also provide Ministers in a timely fashion with any other information on matters relating to administration for which the Government is accountable to Parliament.

Relationship with Treasury

The Committee notes and understands the role of Treasury in supporting and advising Treasury Ministers across the range of their responsibilities.

Given the complementary roles of Treasury and the Committee in the area of corporate regulation, the Committee will continue its practice of inviting officers of Treasury to attend meetings of the Committee. In the Committee's experience, this practice enables Treasury to take into account the views and experience of the Committee on a continuing basis and keeps the Committee informed of relevant developments in other policy and legislative areas. This practice also promotes clear communication on administrative matters.

The Committee will as requested keep the Secretary to the Treasury informed about its activities by providing the Secretary with copies of documents that it provides to Treasury Ministers and by providing briefings on other significant issues relating to its activities that may arise from time to time.

Accountability

The Committee acknowledges that, in the performance of its statutory functions, it remains accountable to the Parliament and ultimately the public through the Treasury Ministers, the Parliamentary Committee process and the tabling of its annual report.

Operational Issues

The Committee acknowledges that its office holders and staff have obligations to act in accordance with the Australian Public Service Code of Conduct.

The Committee acknowledges that it now has operational responsibilities under the FMA Act.

The Committee acknowledges that it is Government policy that all departments and portfolio bodies should continue efforts to secure improved efficiency in their operations and demonstrate value for money for the services they deliver. The Committee will continue to seek opportunities to achieve outcomes in the most cost-effective manner.

Conclusion

The Committee is pleased to note the Government's appreciation of the Committee's performance to date. The Committee looks forward to continuing within the new governance arrangements to contribute to the enhancement of the regulatory framework for corporations and financial services.

Yours sincerely

[signed]

Richard St John
Convenor