

CLERP (Audit Reform & Corporate Disclosure) Bill

Commentary on the Draft Provisions

Corporate Law Economic Reform Program No. 9

October 2003

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The General Manager	Telephone: 02 6263 3970
Corporations & Financial	Fax: 02 6263 2882
Services Division	Email: clerp@treasury.gov.au
The Treasury	
Langton Cres	
PARKES ACT 2600	

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Inquiries concerning the draft Bill can be made to:

Kerstin Wijeyewardene	(02) 6263 3312
Les Pascoe	(02) 6263 3989

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FOREWORD

I am pleased to present the draft Corporate Law Economic Reform Program (Audit Reform & Corporate Disclosure) Bill and the accompanying commentary on the draft provisions.

The draft Bill gives legislative form to the policy proposals contained in the September 2002 CLERP 9 policy proposal paper — *Corporate disclosure: Strengthening the financial reporting framework*. Development of the draft Bill has benefited from comments made on the proposal paper and takes into account relevant recommendations of the HIH Royal Commission and the report of the Joint Committee of Public Accounts and Audit 391 *Review of Independent Auditing by Registered Company Auditors*.

The CLERP 9 paper established a vision for promoting transparency, accountability and shareholder activism. The draft Bill provides the mechanism for implementing the vision. Its provisions will enhance auditor independence, achieve better disclosure outcomes and improve enforcement arrangements for corporate misbehaviour, while fostering innovation and wealth creation.

The CLERP 9 proposals are another chapter in the Government's Corporate Law Economic Reform Program, designed to modernise business regulation and foster a strong and vibrant economy, progressing the principles of market freedom, investor protection and quality disclosure of relevant information to the market.

The proposed reforms reflect changes in Australia's dynamic and innovative corporate landscape and address the challenges highlighted by instances of unacceptable corporate behaviour in Australia and overseas.

I would like to take this opportunity to express my gratitude for the assistance that the Business Regulation Advisory Group, chaired by Mrs Catherine Walter AM, has provided to the Government so far on this project.

I would also like to express my appreciation for the work undertaken by my former Parliamentary Secretary, Senator Ian Campbell, on CLERP 9 and advancing the project to this stage. His active involvement has ensured that the overall CLERP program has delivered significant and lasting reforms in Australia's business regulation.

I encourage all interested parties to make use of this opportunity to raise issues concerning the detail of the draft provisions before they are introduced into the Parliament.

The Hon Peter Costello, MP
Treasurer

October 2003

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