



# "CORPORATE CITIZENSHIP"

## A NEWSLETTER OF THE AUSTRALIAN COUNCIL OF SUPERANNUATION INVESTORS

### US GOVERNMENTS INVESTOR PROTECTION PLAN

US President George W. Bush has outlined the US Government's new investor protection plan.

The Bush plan includes the following proposals:

- CEOs to vouch for corporate financial statements;
- CEOs and senior executives to be forbidden from profiting from fraudulent financial statements;
- Company executives to promptly disclose the buying or selling of company shares;
- Company executives who abuse their position be barred from future corporate leadership; and,
- That companies guarantee investor's confidence in the integrity and independence of external auditors.

While generally there has been a positive response to these initiatives in the investment community, there has been some criticism regarding the lack of objective "minimum standards" in the proposal.

Some commentators have cited the lack of any penalty for corporate fraud as a glaring omission in the package.

Other alternatives have been submitted to Congress. Under the Democrat sponsored Dodd-Corzine bill, accountants would be prohibited from performing non-audit service to companies they audit; accountants could not audit companies whose senior executives worked for the accounting firm two years or less previous; an auditor regulatory board would be established and funded by mandatory fees imposed on accounting firms; companies would be required to rotate their auditors every four years; and. Audit committees would be able to hire and/or fire auditors.

These developments are relevant to Australia in light of the Australian Government's response to key corporate governance issues particularly around auditing standards.

Given the significant flow on effects from the collapses of Ansett, HIH, One.Tel and Harris Scarfe it is timely that there are international similarities and experiences that can be drawn on to improve the operation of corporate governance in Australia.

### FIRST ANNUAL ACSI CONFERENCE 'Corporate Governance – Putting Principles into Practice'

The first annual ACSI Conference is set to be held on 7 June at the Hotel Sofitel, 25 Collins Street, Melbourne.

Members of ACSI and their staff are entitled to attend the full days complement of sessions for free. By now you should have received a registration form for the conference.

We do hope that you, your Boards and staff are able to attend what promises to be a very interactive and enlightening day. Any questions regarding the conference should be directed to Rosalind Bennett on 03 9923 7109 or [rbennett@mail.cmsf.com.au](mailto:rbennett@mail.cmsf.com.au)

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This newsletter is correct to the best of our knowledge and belief at the time of going to press. It is, however, written as a general guide so it is recommended that specific professional advice is sought before any action is taken