



Manager
Corporation and Schemes Unit
Financial System and Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

15 December 2014

To whom it may concern

Submission on the Draft Corporations Amendment (Remuneration Disclosures) Regulation 2014

Thank you for the opportunity to comment on the draft *Corporations Amendment (Remuneration Disclosures) 2014* (the draft Regulations).

We welcome the proposed amendments which will clarify the application of the regulations and remove some unintended consequences from the previous amendments made in June 2013 by the *Corporations and Related Legislation Amendment Regulation 2013 (No. 1)*. The Appendix to this letter provides comments on two minor amendments which, in our view, do not achieve the aim of ensuring that the requirements in the *Corporations Regulations* replicate those that were previously included in AASB 124 *Related Party Disclosures*.

As we have noted in prior submissions, our view is that more fundamental reform is needed in the area of remuneration reporting. The level of detail and complexity of existing requirements often leads to boilerplate disclosure and a lack of clear, concise, decision useful information for investors. We would welcome the opportunity to engage with you further on this issue, share our perspectives and work together towards developing an enhanced disclosure framework for remuneration reporting in Australia.

Please contact me on (03) 8603 5371 if you would like to discuss any aspect of this submission further.

Yours sincerely,

A handwritten signature in black ink that reads 'Margot Le Bars'.

Margot Le Bars
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Appendix: PwC's specific comments on the proposed amendments

Minor amendments – Schedule 1 Item 1 and 4

According to the explanatory memorandum, the proposed amendments intend to clarify that the disclosures required by subregulation 2M.3.03(1) apply to disclosing entities. They replace the term “issuing entity” with ‘disclosing entity’ in the following two places:

- Subregulation 2M.3.03(1) Item 14 which requires disclosures where the terms of a share based payment arrangement have been altered or modified by the issuing entity, and
- Subregulation 2M.3.03(3)(b) which requires for each class of equity instrument disclosure of the name of the issuing entity.

However, key management personnel are sometimes provided with shares in a subsidiary rather than the parent entity itself. This is acknowledged in other places in the regulation which specifically refer to “equity instruments issued or issuable by the disclosing entity and any of its subsidiaries”.

We have read the reference to “issuing entity” to cover both the parent entity (ie the disclosing entity) and its subsidiaries. By replacing “issuing entity” with “disclosing entity” some may interpret this to say that the relevant disclosure requirements no longer cover equity instruments issued by a subsidiary. This would be contrary to the stated intention of retaining the disclosures that had been removed from AASB 124 effective 1 July 2013.

On that basis, and for consistency of terminology within the Regulations, we recommend for item 14 to replace the term “issuing entity” with “disclosing entity and any of its subsidiaries”.

In Subregulation 2M.3.03(3)(b), the term “issuing entity” should remain, as items 15-19 already refer to the disclosing entity and any of its subsidiaries. “Issuing entity” in this case refers to the fact that the disclosures should identify which entity in the group has issued the relevant equity instruments.