



**CHARTERED SECRETARIES
AUSTRALIA**

Keeping good companies

27 February 2002

The General Manager
Corporate Governance and
Accounting Policy Division
The Treasury
Langton Place
PARKES ACT 2600

Dear

Independence of Australian Company Auditors

Chartered Secretaries Australia (CSA) is pleased to make this submission on certain sections of Professor Ian Ramsay's report on the Independence of Australian Company Auditors. CSA is the Australian Division of the Institute of Chartered Secretaries and Administrators, an international professional association with over 46,000 members worldwide.

CSA is Australia's peak membership body for corporate governance and compliance, and firmly consider ourselves as fully qualified to respond to this matter. In Australia CSA has over 8,000 members representing the majority of public companies listed on the Australian Stock Exchange. Members of CSA regularly deal on a day-to-day basis with the ASX, ASIC and the ACCC and have a thorough working knowledge of the operations of the markets, the needs of investors and the law and regulation dealing with market practices and independence. In addition, representatives from the ASX, ASIC and the ACCC regularly address members at our seminars and conferences.

Establishment of an Auditor Independence Supervisory Board

Specifically, in reference to Section B of Professor Ramsay's report on the matter of the establishment of an Auditor Independence Supervisory Board (AISB), we are genuinely concerned that a representative from CSA has not been listed as a possible member of the AISB.

Members of CSA are frequently employed in roles that span multiple responsibilities including that of the Company Secretary/Chief Financial Officer/Legal Counsel. CSA members play an integral role in advising and communicating with the board of directors and liaise with external consultants, auditors and members. Indeed, it is more often than not that CSA's members, in their role as Company Secretaries, will be responsible for co-ordinating and managing the initial audit tender process and importantly the on-going monitoring of the audit function as a basis for reporting to Board Audit Committees.

Our members therefore play a crucial role from the initial appointment of auditors through to actually scoping their terms of reference, particularly as it pertains to non-audit consultancy services. As such, members can play a vital role in assisting the AISB in addressing auditor independence issues given the role currently required of a Company Secretary.

The role of a Company Secretary is unique and clearly not solely concerned with the internal dynamics of the company. A Company Secretary must be equally cognizant of the needs of the Chief Executive, the Chairman and Board and the shareholders. A Company Secretary is fundamentally concerned with the needs of the end-users of information, unlike many other internal roles. We believe this unique perspective would make an invaluable contribution to the ongoing success of the AISB.

Thank-you for your consideration of our submission on this important matter. We would welcome the opportunity to discuss this matter further with you at your convenience.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'NB' followed by a stylized flourish.

Mr Nick Burrows FCIS
PRESIDENT