



update



a news bulletin for G100 members

June 2017

National Executive

President's Dinner Sydney 31 May: Generously hosted by KPMG in their new premises the dinner featured Bernard Salt, Partner in Charge Demographics, KPMG. Not only was Bernard's presentation insightful but also highly entertaining. So well did it hit the mark for the Congress the following day that a number of presenters and delegates who had attended both events referred to many of the points Bernard had raised.

Thanks again to Wesfarmers for providing the alcohol for the dinner.

G100 National Congress Sydney 1 June: Another extremely successful Congress which was attended by more than 110 delegates. President Zlatko Todorovski's speech at the opening of Congress highlighted the current changes to the G100 Purpose and Structure. He then referenced David Horne's 1964 book "The Lucky Country" and highlighted how the points raised in this book were still relevant today.

For more details of the Congress please refer to our website where you will find the following:

- Congress Program
- President's Opening Address
- Photos

G100 Advisory Council

The first meetings of this Council were held in Melbourne on 1 May and in Sydney on 10 May. The Council endorsed the "Areas of Focus" we had determined but insisted that the G100 should not 'create work' but remain focused on real challenges and priorities as well as determining ways of measuring our success.

G100 Working Group Updates

All Working Groups are now established with the 3 recently established Working Groups still requiring more delegates. Should you be interested in providing additional delegates the contact details of each Working Group Chairs are as follows:

- Taxation – Andrew Porter – CFO AFIC – aporter@afi.com.au
- External Reporting - Simon Cammell – Group Financial Controller, Australia Post - Simon.cammell@auspost.com.au
- Leadership Development
 - Diversity & Inclusion – Michael Ford – Deputy CFO CBA – michael.ford@cba.com.au
- Capital Markets/Investor Relations – Neil Wesley - General Manager, Investor Relations and Corporate Finance Perpetual - neil.wesley@perpetual.com.au

DIARY DATES

Executive Meetings 2017

Wednesday 2 August – Melbourne
Wednesday 11 October – Sydney
Wednesday 6 December – Melbourne

Taxation:

Once again this Working Group has been particularly busy with input into the following areas:

- An update to all Members on the Large Business Stewardship Group meeting was sent on 28 March.
- Feedback provided to the AASB on their guidance on the Tax Transparency Report.
- As indicated on the update from the LBSG, the ATO is rolling out Streamlined Assurance Reviews for companies not in PCRs or ACAs. At least one Member company is being reviewed. We will be able to provide Members with feedback once the program is completed.
- Chair met with Kelly O'Dwyer on 3 April and reiterated our support for the Government's intent to lower the corporate tax rate for all companies. He also noted that we were aiming to provide Kelly with our top deregulation 'hit list' and Members' concern with the ATO's definition of management and control, and raised some concerns with possible treatment of the Diverted Profits Tax.
- The Chair has now raised with Kelly, Treasury, the ATO, and the Board of Taxation, the suggestion that the Board do a full 'root and branch' review of FBT, both from a tax efficiency viewpoint and also from a deregulation perspective.
- Agreed to support the CTA's initial submission on Central Management & Control, including the feedback of the concerns of Members, and will make a separate submission once consultation opens.
- Chair was also to provide feedback to Treasury solid examples from Members as to why roll-over relief from asset swaps would be helpful, ease transactions that would otherwise not be done and in some cases bring revenue-producing assets into production. We received feedback from Members in the Resources space but also in REITs. This will require follow up.
- The lunch with Chris Jordan on 6 April hosted with Minter Ellison and Wolters Kluwer went very well, with over 100 in attendance. We will look to repeat this format in the future.
- We have provided Members with upcoming advice on what will be included in the new RTP Category C questions for this tax year, which will enable them to be better prepared.
- We have asked Members for responses to the ATO's new guidelines on related party offshore debt, following Chevron.
- Chair met with the Board of Taxation, and provided feedback along the lines noted above.

There are 22 Members in this Working Group

External reporting:

This Working Group held its inaugural meeting on 16 May. The following matters were discussed and agreed at this meeting:

Purpose:

- The Members agreed that the primary purpose of the Working Group is to represent G100 member entities and to provide a forum for Members to have a voice on external reporting matters.
- The draft Working Group charter was discussed and agreed.

Approach and operating rhythm:

- For the time being, the focus of the Working Group will be on preparation of submissions on matters currently under review by regulatory bodies.
- The approach will be as follows:
 - Group to discuss relevance of matters to G100 Members;
 - Group to determine industry / businesses most affected (if any);
 - Group to delegate preparation of submissions to member/s most affected; and
 - Submissions to be reviewed by Group and endorsed for communication to G100 executive and lodgment with relevant body.
- A standing monthly check-in has been scheduled for Working Group Members.

Current matters for discussion:

- AUASB Roundtable on ISA 540 *Auditing Accounting Estimates and Related Disclosures*. Andrew Pruys (Australia Post) attended the Melbourne roundtable on 19 May and participated in the discussion. It is not expected that the revised auditing standard will result in more cost or effort for member entities.
- IFRS 9: The International Accounting Standards Board has proposed minor amendments to the financial instruments Standard, IFRS 9, to enable companies to measure at amortised cost certain prepayable financial assets with so-called negative compensation. Patricia Zeitz (Bendigo & Adelaide Bank) is reviewing the Exposure Draft to see whether this is something that G100 should respond to.

Other related activities:

- AICD/G100 Remuneration Roundtables in Melbourne (3 May) and Sydney (5 May)
- ACSI/G100 Integrated Reporting Congress in Melbourne

There are 6 Members in this Working Group

Leadership Development (including Diversity and Inclusion):

The inaugural meeting of the G100 Diversity and Inclusion Working Group will be on Tuesday 13 June.

The group's objective is to find shared ways of addressing the ongoing challenge of achieving better diversity and inclusion outcomes in the finance functions of Australia's largest organisations. G100 member companies have the opportunity to develop a set of shared objectives and initiatives, to help achieve measurably greater gender diversity in finance, and importantly to share knowledge and the progress made in our member organisations.

We propose initially to focus on gender diversity using the G100 Gender Diversity Survey published in June 2016 as a baseline.

There are 8 Members in this Working Group

Capital Markets/Investor Relations:

This Working Group has provided feedback to AIRA on the following documents:

- DRAFT ESG Engagement Guidelines for Listed Entities
- Clear, Correct and Conflict-free
 - Working towards the "three C's" for shareholder voting recommendations
 - Code for engagement between listed companies and proxy advisors

G100 President attended an ASIC – Proxy Advisor Roundtable where he reconfirmed the G100 view that we would support a voluntary code of conduct for Proxy Advisors as we do not feel the current approach is adequate, despite what was said by the Proxy Advisors present at the meeting.

The G100 would specifically propose the code of conduct focus on the elements that were discussed at the meeting, including:

- Adequate engagement
- Resourcing
- Conflicts of interest
- Clear explanations of the basis on which Proxy Advisors form or publish their recommendations.

There are 8 Members in this Working Group