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# The Business School

## BULAW5915 Corporate Law Assignment

### Semester 2 2013

#### **Purpose**

To enable you to research and explore an aspect of corporate law governance and regulation. It is important for you to have time to think through how to structure and present arguments, and to review and discuss what the law is or should be in a particular area. **Whilst discussion with others is encouraged, the final piece of work must be your own.**

The Assignment will be marked out of 100 and is worth 35% of your total mark for the BULAW5915 course.

#### **Word Limit**

2,300-2,500 (assignments exceeding the word limit may not be marked and may be returned to the student for re-writing; assignments less than the required length will risk not covering the topic adequately and may result in a fail). Do not include synopsis, references or bibliography in the word count.

*Note: All University of Ballarat rules relating to referencing, citation and acknowledgement must be complied with.*

#### **Due Date**

Please consult your lecturer for the due date. Please ensure you re-read the Course Description for details of the assignment criteria.

#### **Assignment instructions**

Complete the tasks in Part A and Part B.



*Part A*

**(50 marks)**

The recent global economic downturn turned the spotlight on 'corporate governance', that is, how companies are regulated by governments and how they are managed internally. Australia's regulatory system and the way Australian financial institutions have managed their businesses were said to put Australia in a relatively good position to withstand the downturn.

**Task:**

With reference to a company currently listed on the Australian Securities Exchange critically discuss if and how the company adheres to the principles of good corporate governance.

Further explanation and hints:

- One of the most important purposes of regulation of corporations is to encourage good governance. As corporations are artificial beings (recognised by law but with no physical presence) decisions must be made by a real person or persons. Those decisions can have ramifications (implications) not only for the corporation and its members but for many others as well. Therefore one of the most important aspects of good corporate governance is that of directors' duties. You should discuss those in relation to the company that you have chosen and discuss at least ONE other aspect of corporate governance. Some suggestions are:
  - (a) ASX Corporate Governance Council *Corporate Governance Principles and Recommendations*
  - (b) independence of auditors
  - (c) continuous disclosure
  - (d) shareholder rights and remedies
- You should be able to find information on a company's website about corporate governance, its constitution (sometimes) and its annual reports. These can all be useful in determining how the decision makers for the company view corporate governance and how well the principles are observed. It is also quite useful to look in the newspapers to see if others agree with those decision makers. You will be able to see most of these publications online.



*Part B*

**(50 marks)**

A currently debated issue in corporate governance is a requirement for boards to consist of a majority of independent directors.

***Task:***

Consider the above statement, then identify and discuss both the arguments for and against the idea that boards should consist of a majority of independent directors.

Your discussion must *include* a response to the following:

- what does the term 'independent director' mean?
- should specific board positions be held by independent directors (eg Chairman). If so, why? If not, why not?
- What is the primary role of a board of directors?
- Is the primary role of a board of directors best met by having a majority of independent directors on the board?
- is there evidence of a positive correlation between an 'independent board' (ie a board consisting of a majority of independent directors) and corporate performance?