

INDEPENDENCE DAY

Report offers Government chance to enforce auditors' independence

The Australian Democrats today challenged the Federal Government to implement the recommendations of the Centre for Corporate Law and Securities Regulation report in relation to corporate governance standards and the independence of auditors.

Democrats' Business and Corporate Affairs spokesperson, Senator Andrew Murray said the Democrats unreservedly supported the recommendations and urged the Minister to immediately commence work on their implementation.

"These measures will increase auditor independence. Improving corporate governance and ensuring the independence of professionals such as auditors, is something that I have pursued for more than five years," Senator Murray said.

"The recent HIH collapse clearly demonstrated to the public the importance of the role of the company's auditor and the problems that can occur when there is a perception of a lack of independence on the part of the audit firm.

"The Government must act. It is clear what must be done."

Senator Murray said the report presents a number of very significant recommendations including:

- amending the Corporations Act 2001 to require an auditor to be independent;
 - clearly setting out in legislation circumstances which create a lack of independence;
 - requiring all listed companies to have audit committees;
 - requiring the disclosure of the dollar value and a description of the non-audit services provided by the audit firm to the client;
- 1 establishing an Auditor Independence Supervisory Board to, among other things, monitor the adequacy of systems and processes used by Australian audit firms; and
 - 1 keeping auditors at arms-length from their clients.

"I will continue to advocate additional measures to improve corporate accountability and governance. If implemented this report will advance the cause of better corporate practice," Senator Murray concluded.

To interview contact Senator Andrew Murray contact Ainslee McCallum on (02) 6277 5747.