



23 March 2000

**Chartered Secretaries**  
*Keeping good companies*

Mr John Kluver  
Executive Director  
Companies & Securities Advisory Committee  
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Sydney NSW 2001

**Chartered Institut  
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Secretaries in  
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Dear Mr Kluver

**Qualifications or Experience of Company Secretaries**

Thank-you for your letter of 16 February to John Nelson asking for the views of the Chartered Institute of Company Secretaries in Australia Ltd. (the Institute) on "...whether it is appropriate to give ASIC or another body the ability to determine the qualifications and/or experience that a company secretary should have".

From the Institute's submission on the following pages may I highlight a few of the key points:

- Good corporate governance practices are in everyone's interest and should extend beyond public companies. Accordingly, the Institute believes that the requirement to appoint an appropriately qualified Company Secretary should be broadened.
- Determining the qualifications for Company Secretaries should be industry driven, preferably by appropriate professional bodies.
- Qualification requirements should have an experience/academic limb and a membership limb.
- Qualification requirements should have transition arrangements.
- Academic requirements should be focused at the post-graduate level.
- Membership requirements will ensure access to continuing professional development and encourage adherence to ethical standards of practice.

Thank-you for giving the Institute an opportunity to comment on this matter. Because of our position, our membership and our history, we believe we have both the knowledge and ability to be of continued assistance to you throughout this project. Please feel free to contact me at any time during your review to determine what qualifications are most appropriate to Company Secretaries, the guardians of good corporate governance.

Yours Sincerely,

Tim Sheehy  
**Chief Executive**

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**Qualifications or Experience of Company Secretaries**  
**Reply to CASAC**  
**Chartered Institute of Company Secretaries**

The Institute is pleased that this matter is under consideration and strongly supports the progress currently being made. The Institute is of the opinion that a properly qualified Company Secretary would improve overall compliance with the law, reduce public enforcement costs and ensure greater shareholder protection in regard to public companies. For unlisted companies we feel that a qualified company secretary would bring a level of competence to addressing corporate governance issues and should not be overlooked when progressing this exercise.

The views expressed in this response represent those of a number of members including those employed by large public companies, by smaller privately held companies and those in consulting roles.

- **The need for a company secretary**

Before addressing your specific question, the Institute would like to reiterate its views expressed to The Hon. I G Campbell (September 1998) and The Hon. Joe Hockey MP (September 1999) in regard to the CLERP Bill 1998. In those submissions, the Institute put forward its views on the need for a Company Secretary to be properly qualified and on the need for more than just public companies to appoint a Company Secretary. In particular, the 1999 submission stated:

“It is the duty of the directors of a company...to take all reasonable steps to ensure that the secretary (or each joint secretary) of the company is a person who appears to them to have the requisite knowledge and experience to discharge the functions of secretary of the company and who meets prescribed qualifications. The companies to which this sub-section applies are:

- (a) each public company;
- (b) each large proprietary company;
- (c) each other proprietary company while it is controlled by a foreign corporation.”

We believe it is essential to restate this view as the importance of best practice in corporate governance is not limited to public companies and that a Company Secretary has an increasingly important responsibility in this area.

- **Who should determine the qualifications**

The Institute is of the view that determining the qualifications of a Company Secretary should be industry driven rather than determined by any particular regulatory body. What is essential is not who determines the qualifications, but rather, that they are determined in consultation with the appropriate professional bodies. There are a number of professional bodies that are well placed to perform this function. These bodies have well-developed professional education programs, ethical standards and continuing professional development programs in place to maintain a Company Secretary's professional knowledge.

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The Institute believes that becoming a properly qualified Company Secretary should include a number of options, and therefore, if this approach were adopted, the situation would be sufficiently self-regulating. Most important, determination of qualifications driven by industry, and particularly professional bodies, will ensure that qualified Company Secretaries are bound by the ethical standards set by those professional bodies.

• **What qualifications and/or experience should a Company Secretary have**

In determining qualification and/ or experience requirements, the Institute believes the requirements need to:

- be easily accessible,
- be cost effective for the individual,
- be cost neutral for business,
- include a number of options, and
- include a transition period for some currently practicing Company Secretaries.

The qualifications necessary to ensure competency to perform the role of Company Secretary should involve two limbs:

1. experience in the role and academic learning, and
2. membership of an appropriate professional body in order to ensure access to continuing education and promote adherence to ethical standards of practice.

Under the limb of experience and academic learning, the Institute is of the opinion these criteria could be satisfied by requiring a person to:

- (a) have at least 5 years relevant commercial experience (eg. legal or accounting) and complete a suitable industry based short-course, or
- (b) complete an appropriate and accredited post-graduate level qualification (such as the Institute's *Graduate Diploma in Company Secretarial Practice*) that focuses on the requirements of the role, or
- (c) as a transition in the case of some existing Company Secretaries, have approval from their Directors as 'someone the Directors consider to hold sufficient experience and qualifications to carry out the role'.

At this stage it is probably premature to go into detail as to the coverage contained in any short course or full post-graduate qualification. The Institute would be pleased to provide greater detail at your request. However, in a broad sense, any education/academic course should cover Corporations Law, Corporate Governance, Company Secretarial Practice and Meetings and Financial Management.

It is the Institute's opinion that any education qualifications for Company Secretaries should be at the post-graduate level, following the completion of appropriate tertiary study. In addition, any post-graduate study should not be a competency based program but a practically based/applied program that draws on the experiences of practitioners. These views are generally consistent with the direction of education requirements for most professional bodies.

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In terms of membership of a professional body, the Institute is of the opinion that the following professional bodies would be appropriate:

- (a) The Chartered Institute of Company Secretaries in Australia Ltd., or
- (b) The Institute of Chartered Accountants in Australia, or
- (c) The Australian Society of CPA's, or
- (d) The Law/Bar Associations in Australia.

All of the above bodies have rigorous education, continuing professional development and ethical standards, but naturally we would give preference to this Institute.

In closing, I wish to repeat that the Institute is please to see this matter under review. The Institute considers the role of the Company Secretary to be central to the majority of organizations and that incumbents need to be appropriately qualified.

We would be happy to discuss these views further with you and would certainly be interested in contributing in further detail to the development of appropriate qualification requirements. I would also be happy to explain the content of our education courses, which will give an indication of the breadth of learning we require of our members in order to carry out the role of Company Secretaries both competently and efficiently.

Tim Sheehy  
**Chief Executive**