Index

Accountants	Australian Banker's Association
business structures	Bligh, Anna
advising on, 240, 259	appointment of, 74
education regarding, 240, 259	Australian Competition Tribunal
importance of, 235, 259	(Competition Tribunal)
legal literacy of, 236, 240	role of, 355
perception of, 235, 259	Australian funds management industry
trusts, knowledge of, 235–236, 260	fairness in, 406–407, 418–419
discretionary trusts, 259–260	general law of trusts, 408–410
Accounting	managed investment schemes (MISs)
accounting degrees see Australian under-	treating members of different classes of
graduate accounting curriculum	an MIS fairly, 411–412
American undergraduate accounting	trustees of, 407–409
curriculum, 236–237	providing financial services efficiently,
CA ANZ Program, 237	honestly and fairly, 410–411
company failure, discovery of irregularities	regulatory landscape, 407–408, 416–419
after, 390	rules, specific, 410–416
CPA Program, 237	superannuation funds see
curriculum, undergraduate see Australian under-	Superannuation
graduate accounting curriculum	themes and speculations, 416–418
standards	Australian Institute of Credit Management
disclosure requirements, 372	(AICM)
inventories, cost of, 372	illegal phoenix activity survey, 192–193
supplier rebates, guidance on, 390	Australian Restructuring, Insolvency
supplier rebates, for, 390	and Turnaround Association
AGL	(ARITA)
renewable energy, and, 22	illegal phoenix activity survey, 192–193
Apple	Australian Securities and Investments
diversity plan, rejection of, 25–26	Commission (ASIC)
FBI order to unlock iPhone, 8, 24–25	accounting standards, new, 74
ASC Phoenix Activity Research Paper	breaches of law, active in pursuing, 4
(1996), 187–188	codes of conduct, inaccurate and misleading,
ASX Code	28–29
functions of directors, 143–144	companies, regulatory flexibility for, 74
non-executive directors see Non-executive	costs, regulatory, 285
directors (NEDs)	culture, companies adopting appropriate, 4
purpose, 129	digital toolkit for navigation of financial
ASX Corporate Governance Council	advice, 74
capital, forms of, 11	directors, actions against, 4
code of conduct, 19–20, 29	enforcement
sustainability reporting, 27, 29	design, revisiting, 427–430
Australian Administrative Appeals Tribunal	penalties, redesigning, 430–442
(AAT)	emphasis on, 289–290, 320
role of, 355	market integrity, 306
, -	

Australian Securities and Investments	Westpac
Commission (ASIC) – continued	announcement to sue, 73
continuous disclosure and market	litigation, 152
integrity rules, 308–310	Australian Securities and Investments
insider trading and market	Commission v Drake, 4
manipulation, 306–308	Australian Securities and Investments
enforcement outcomes, 288, 289	Commission v Flugge, 4
administrative remedies, 303, 320	Australian Securities and Investments
aggregate outcomes from 1 July 2011 to	Commission v Hochtief
30 June 2016, 296–300	Aktiengesellschaft, 204–209
categories of, 291	civil penalty, determination of appropriate,
corporate governance, 310	207–209
directors, action against, 311-312	insider traders, corporations as, 206
insolvency, 313	insider trading
liquidators and auditors, action against,	market as a victim of, 207
312–313	laws, nature of, 206–207
criminal, 301, 305, 320	procuring of trading in securities, and,
data, 290–296	205–206
differences in, 290	Leighton shares, trading in, 204–205
enforceable undertakings, 305	significance of, 204, 209
enforcement method, by, 301-303	Australian Securities and Investments
administrative remedies, 304	Commission v Wealth & Risk
criminal enforcement approach, 304, 305	Management Pty Ltd, 215
different types of enforcement methods,	Australian Stock Exchange (ASX)
303–321	ASX Code see ASX Code
financial services, 299, 314–317	codes of conduct, 28–29
misconduct type, by, 299–300	inaccurate and misleading, 28–29
penalties, redesigning, 430–442	Corporate Governance Council see ASX
powers and tools, 421–426, 442–443	Corporate Governance Council
recording, method of, 292–296	Corporate Governance Principles and
small business area, 298, 317–321	Recommendations, 5, 7, 14, 15,
directors, action against, 318–320	16, 19
registration and licensing, efficient, 320	Listing Rules, 7, 14, 15
well-resourced individuals or companies, 305	sustainability reports see Sustainability
Flugge decision, appeal against, 73	reporting
funding levels, 28	Australian Takeovers Panel
Gore v Australian Securities and	CLERP reforms, 352
Investments Commission, 73, 215	decision-making, speed of, 353-354
litigation, criticism concerning, 4	assessment of speed, 360–368
powers, overseeing documentation issued to	judicial review, impact of, 363
public, 151	timing of panel decision-making,
purpose, 289	360–363
reviews, 74	importance of, 368
shareholder intention statements in takeovers,	measuring speed, 355–357
reconsideration of, 395–400	processes, 357–360
statutory objectives, six, 289	powers, 352–353
superannuation trustees, role of, 74	processes, 357–360
sustainability reports, inaccurate and	takeover disputes, primary forum for
misleading, 28–29	resolving, 352–353

Australian undergraduate accounting	interim report, 213
curriculum	Bribery and corruption
business law content, 236, 259	foreign, regulation and control of, 214
business structures, coverage of, 259	Business structure
companies, law relating to	choice of, 237
coverage of, 237, 256–258	consequences, 239
legal literacy, and, 236, 259	trade-off between tax costs and non-tax
liability issues, coverage of, 256–259	costs, 238
recommendations for, 259	liability issues with, 240–253
self-managed superannuation funds	sole proprietor see Sole proprietor
(SMSFs), coverage of, 236	range of, 237
trusts	company see Company
coverage of, scant, 235, 236, 237,	partnership see Partnership
259–260	sole proprietor see Sole proprietor
discretionary, 237, 256–260	trust see Trust
coverage of, 256–260	
liability issues, 237	Canada
	stakeholder remedy model, 41
Bangladesh	Climate change
Dhaka factory fire, 2012, 11	climate risk see Climate risk
Banking Executive Accountability Regime	opportunities, 155, 156
Regulations (BEAR regulations)	Paris Agreement see Paris Agreement
aim of, 349	risks see Climate risk
United Kingdom regulatory regime similar	Climate risk
to BEAR, 350	disclosure, 152–153
Banking sector	Australian companies, improving
breaches of law, alleged, 349	disclosure by, 181
climate risk disclosure in finance sector <i>see</i>	emissions and risk reporting,
Climate risk	strengthening and integrating,
Coleman Committee criticism of, 349	182–183
community trust in, 444–446	regulatory guidelines, 181–182
compliance, poor culture of, 339	Australian finance sector, in, 173–175
culture, institutional, 459–460	Climate Disclosure Project (CDP)
cultural change advocacy, 461	reporting, 160–161
customer advocates see Customer	corporate reporting requirements and,
advocates	162–165
customers, unfair treatment of, 455–459,	Australian resource and energy
461	companies, study of reporting by
errors in, 349	selected, 165–173
Royal Commission into, 446	finance sector, in, 173–175
announcement of, 443	failure to disclose forseeable climate risks,
avoidance of, Government's, 350	157
calls for, 153, 213, 339, 349	international level, initiatives at, 160–
establish, attempt to, 286	161, 175–181
setting up of, 341	finance sector, in, 173–175
Benefit	France, 180–181
director see Director	importance of, 157
Black Economy Taskforce	Operating and Financial Review (OFR),
establishment of, 213	164–165

Climate risk – continued	preservation of general law and written law,
penalties for false or misleading, 162	551–552
regulatory and policy arrangements for,	s 254, preservation of general law and
161–162	written law, 551–552
Taskforce on Climate-related Financial	secured parties, litigation against
Disclosures (TCFD), 156, 157,	failing to discharge duties or obligations
161, 183	under the PPSA, 539
United Kingdom, 177–180	commercially reasonable manner, 540–541
greenhouse gas emissions reporting,	honestly, acting, 539–540
177–178	s 131 litigation, exercising power of sale, 541
strategic reports, 178–180	ss 111 and 131, standing to sue for breach
United States, 175–177	of, 542–543
voluntary self-reporting, 160–161	secured parties, litigation by, 533-534
meaning, 157	account debtor to be in no worse position, 538
non-physical climate risks, 155	court proceedings, initiating, 535–536
categories of, 157	judgment, no merging of securities in, 536–537
Climate Disclosure Project (CDP)	"liquid assets", recovering, 537–538, 552
questionnaire, 160	possession
equity exposure, 159	apparent, 534
loan exposure, 158	crops and livestock, action to enforce, 536
overview, 157	peaceable, 534–535
physical risks, 155, 159	Commonwealth Bank of Australia
resource, energy and finance sectors in	APRA special inquiry into affairs of, 349
Australia, for, 158–159	ASIC legal proceedings against, 349
Codes of conduct	breaches of law, alleged, 349
benefits of, 20, 27	Companies Act 2006 (UK)
categories, 19	s 172 of, 39–40
effect on corporations, 19–20	Company
ethical performance, correlation with, 19–20	business structure, type of, 237
misleading and deceptive conduct	capital gap, 104–105
provisions, 27–29	compliance see Compliance
moral obloquy see Moral obloquy	crowd-sourced funding see Equity crowdfunding
Nike, 28	directors see Director
oppressive conduct provisions, 287	disclosure regulation, 345–346
statements made in, 27 unconscionable conduct <i>see</i>	liability issues, 251–253
	corporate veil, piercing, 252
Unconscionable conduct	directors, liability to, 252
Cole Royal Commission Report (2003), 188	internal company irregularities ("indoor management rule"), 252–253
Commercial litigation court	legal personality, 251–252
applications permitted to, 544–550, 552	limited liability, 251
accessions, 544–546	effect of, 30
extension of time periods by court	shareholders, 252
order, 547–550	unlimited liability, 251
information requested by "interested	non-shareholder interests, 33–35, 45
person", 546	separate legal entity, 33–35
maintenance of PPS register, 547	shareholders in company, 252
processed or commingled goods, 546	start-up companies, failure of, 104–105
jurisdiction, 543–544, 552	"the company as a whole", 33

Compliance	flexibility, 16
culture of, 297, 350	India, CSR approach in, 42–43
Consumer protection	inquiries into, 9, 14, 29
customer advocates see Customer	insincere, 22–23
advocates	obligatory or prescriptive regulation,
prepayment consumer creditors	14–16
see Prepayment consumer	programs
creditors	approving, 32
United Nations Guidelines on Consumer	challenging, 31–33
Protection (UNGCP), 471	director liability for, 31–33, 45
Corporate governance	reform
regimes, evolution of, 7	law, 31, 36, 39, 44–45
Corporate insolvency see Insolvency	regulatory, 17
Corporate Law Economic Reform	regulation of, 7–8, 29
Program Act 1999 (Cth) (CLERP	amendation, 29
reforms)	approaches to, potential, 26–29
aim of, 354	benefits of, 26
Australian Takeovers Panel see Australian	hybrid approach, 8, 26–27
Takeovers Panel	unregulated approach unsustainable, 26
decision-making, speed in, 354	updating, 29
Corporate philanthropy	right, enforceable, 39, 45
corporate social responsibility, and see	self-regulatory approach, 7–8
Corporate social responsibility	advantages of, 8, 17–21, 26, 29
(CSR)	compliance issues, 21–22
Corporate social responsibility (CSR)	disadvantages, 8, 16, 21–26, 29
ambiguity surrounding, 7	favoured by corporations, 15
business approach to, 9–10, 25, 29	inconsistency, 22
primacy of, 13–14	obligatory or prescriptive regulation,
codes of conduct see Codes of conduct	compared to, 14–16
comparability, measure of, 16	small to medium corporations, 17
concept of, 8, 43	sustainability reporting see Sustainability
contemporary community expectations,	reporting
35–39, 45	Corporate trustee
corporate benefit, and, 25, 26	director of, duties of
corporate governance framework,	beneficiaries and/or creditors, to or in
incorporation in, 14	respect of, 87–88
corporate philanthropy, 18	breach of, 101
corporate social interest, and, 25	creditors' interests, duty to take into
cost effectiveness of, 17	account, 90-92, 97, 101
definition, 9–10, 31, 43, 44	directly benefiting beneficiaries, 85–86
development, historical, 8	indirectly benefiting beneficiaries,
drivers for, 10–14, 15, 17	84–85
improvements to performance and	possibilities, other, 87–88
competitiveness, 11–12	insolvency context, in, 92
investor demands, shifting, 12	knowledge and intention, relevance
regulation, deterring, 13, 14	of, 101
reputational risk, 11–12	responsible entity of managed investment
social licence to operate, 13	scheme (MIS), director duties,
European Union, in, 43–45	87–88

Corporations	promoting, strategies for, 460–461
benefit corporation	features and functions, 446-447
"common interest corporation", 342	independent advocacy and reasoned
close associate of, 54	dissent, 447, 462
contemporary community expectations,	independence, 462
35–39, 45	introduction of, 444
greenwashing, 21–22	purpose of, 444, 451–452
legislation, compliance with, 338	behavioural influences leading to poor
multi-national, 8	financial decisions, advocacy to
practices, social cost of, 8	address, 453–455
purpose of, 342	modest customer capability, advocacy to
reputational risk, 11–12, 38	address, 451–453
responsible, 30	provider business practices as obstacles
role in society, 36	to fair treatment of customers,
small to medium	455–460
corporate social responsibility see	client-facing practices, 456–457
Corporate social responsibility	institutional culture, 459–460
stakeholders see Stakeholders	recruitment, remuneration and termination
Corporations Act 2001 (Cth)	in financial advising, 457–458
amendments to, 14	structures, governance practices and
breaches of, penalties for, 338–341	risk controls, 458–459
penalty regime for, 287, 338–341	relational fairness or fairness at scale, 462–463
reporting regime under, 15	sub-cultural change, 462
s 588FDA see Unreasonable director-	
related transactions (UDRTs)	Deed of company arrangement (DOCA)
Corporations Amendment (Life insurance	formulation of, 322
remuneration arrangements) Act	outcomes
2017 (Cth), 564–567	frequency of, 322
Corporations Amendment (Professional	liquidation, company, 322, 323, 327–336
standards of financial advisers)	quality of, 324
Act 2017 (Cth), 567–568	Dick Smith Electronics (DSE)
Corporations and Markets Advisory	Senate inquiry, and, 583–584
Committee (CAMAC)	Dick Smith Holdings Ltd (DSH)
abolish, decision to, 285	Anchorage, acquisition by, 382
capital gap, 104–105	accounting information, disparities in,
reports, 9, 15, 35–36	382–384, 390
"Creative capitalism"	carrying amounts, comparison of,
definition, 7	389–390
idealism of, 7	fair values, comparison of, 386–387
Creditors	corporate collapse of, 351, 369, 390
prepayment consumer creditors see	float on Australian Securities Exchange
Prepayment consumer creditors	(ASX), 369
Customer advocates	inventories, accounting irregularities in,
appointment of, 445, 461	369–390
challenges to, 462	carrying value of non-active stock
company profit, advocacy and, 447	unadjusted, 376–377
conflicts of interest, 462	increasing days in inventories, 377–379
fairness, and, 405, 463	inventory expenses omitted from financial
developing, 463	information in prospectus, 379–382

Dick Smith Holdings Ltd (DSH) – continued	good faith, acting in, 342–344
supplier rebates not included in cost of	insolvency, in
inventories, 370–375	general law duties, 90–92
share price, 369–370	prevent insolvent trading, duty to,
voluntary administration, placed into, 369	88–89
liquidators, appointment of, 369	rescue operations, 151
Woolworths	statutory duties, 88–90
accounting for the sale of Dick Smith,	legislative provisions, 15
384–386	Kinsela principle see Kinsela principle
business divested to, 369, 370	Lifeplan, facts and decision in, 578–582
carrying amounts	reforms to, 285
comparison of, 389–390	liability
trend in, 387–389	climate change risks, 37–38
fair values, comparison of, 386–387	CSR programs, for see Corporate social
Director	responsibility (CSR)
account of profits against, causation test for,	investment and, 73
580–582	non-executive see Non-executive directors
benefit, notion of, 54–56	(NEDs)
broad approach, 55–56	rescue operations for companies, 214–215
narrow approach, 54–55	"safe harbour" for, 351
resolving differences, 55–56	standard of care
close associates, 52–54	contemporary community expectations,
definition, 53–54	35–39
compliance, culture of, 287	trustee, compared to, 80–83
corporate trustee, of see Corporate trustee	corporate see Trustee
de facto and shadow, 52-54	unreasonable transactions see Unreasonable
definition, 52–53	director-related transactions
disqualification of	(UDRTs)
cases brought by ASIC seeking, 351	Dispute resolution
legislative provisions, 193, 213	Australian Takeovers Panel see Australian
duties, 33, 36, 40, 82–83	Takeovers Panel
breach of, 4, 37, 38, 83, 288, 578	decision-making, timely, 353
penalties, 339–341	
remedies, 578	Energy Australia
conflicts of duties and interest, 287-288	renewable energy, and, 22
core, 83	"Enlightened self-interest" principle
creditors' interests, duty to take into	adaptability of, 10
account, 90-92	pragmatism of, 7
equitable roots of expanded directors'	"shareholder primacy" principle, and, 10
duty, 94–95	Enron
director of corporate trustee see	insincere corporate social responsibility, 22
Corporate trustee	Equity crowdfunding
duty of care and diligence, 36, 83,	assets and turnover test, 118
342–343	Australian government response to, 114–115
breach of, 343, 344	background, 103–109
environmental concerns, 343–344	benefits, 102, 126
stakeholder interests, relevance of, 343–344	CAMAC report, 114, 117
duty to act in best interests of the	challenges associated with, 106–109
corporation, 37, 76–77, 83, 152	fraud and copyright infringement, 107–108

Equity crowdfunding – continued	conduct
investment, loss of, 106–107	applicant's conduct, relevance of,
company structure, 109–110	393–394
context, 103–109	completed, 391–392
economic, 104–106	contrary to interests of members as a whole, 392
corporate governance requirements, 117	oppressive, unfairly prejudicialor unfairly
eligibility requirements, 115–118	discriminatory, 393
fairness and control, 108–109	remedy, 394
Financial System Inquiry, 114–115	•
intermediaries, 121–122	Fair Work Amendment (Protecting Australian
obligations on, 122–124	Workers) Bill 2016, 190–191
investor protection, 124–125	Fairness
cooling off period, 125	Australian funds management industry,
investment caps, 124–125	in see Australian funds
issuer cap, 120–121	management industry
jurisdictions, "crowdfunding friendly", 106	concept of, 406–407
legislation, 3, 109, 115	customer advocates in banks see Banking
ambiguity in provisions, 114	sector
proposed legislation and	suitability see Suitability
recommendations, 114–127	Finance sector see also Banking sector;
key recommendations, 125–126	Financial services industry
uncertainty in provisions, 114	climate risk disclosure in see Climate risk
licensing requirements, 112–114	customer advocates see Customer advocates
offer	fairness in, 448–451
class of, 120	absence of bias or impartiality, as, 449–450
documents, 119	advocacy context, in, 463
issuer cap, 120–121	concept of fairness in law and regulation
making, 118–119	of sector, 448–449
three-month offer period, 121	fair equality of opportunity, 450
overview, 102–104, 126–127	institutions and doing fairness "at scale"
participants, primary, 104	in mass markets, 450–451
popularity, 102, 103	reciprocity, fairness as, 449
public company status, 115–117	Financial advice see also Financial product
regime	advice
facilitation of, 106	FOFA see Future of Financial Advice (FOFA)
need for, 114	legislative activity, area of, 561
regularity opacity of, 102	life insurance see Life insurance
regulations, 114	marketplace, 561
reporting and corporate governance	quality of, 562
requirements, 117	regulatory scrutiny, area of, 561
risk, 109	Financial adviser
transaction structure, 110–112	best interests obligations, 561
what is, 103–104	commission, 562
European Union	competency, 562, 563
CSR in see Corporate social responsibility	legislation addressing, 567–568
(CSR)	education and training, 570
Exton v Extons Pty Ltd (Re Exton)	legislation addressing, 567–568
background, 391	professional standards, 570
<i>3</i> - · · · · <i>y</i> - ·	1

Financial Adviser Standards and Ethics	enforcement design, revisiting,
Authority (FASEA)	427–430
establishment of, 151	existing enforcement arrangements,
Financial product advice	423–426
general	funds management industry see
definition, 503	Australian funds management
personal, distinguished from, 503	industry
meaning, 513–514	penalties, redesigning, 430–442
"objectives, financial situation and needs", 517–519	changing the enforcement pathway, 430–434
personal	changing the outcome, 434–437
best interests, 511–512	changing the target, 437–442
obligations, 519–521, 525	legislative history
second limb of s 766B, and, 531–532	1980s, 504–505
breach of licence conditions, 512-513	1991–2001, Corporations Law, 505
client's relevant circumstances, 521-523	2001, FSR Act, 505–508
concept of, 532	2012, Future of Financial Advice (FOFA)
Corporations Act s 766B	reforms, 508-510
first limb, 521–523	scandals, reported, 405
second limb, 523–532	standards, improving, 562
definition, 503	suitability, and see Suitability
disclaimers, effect of, 530-531	Financing
disclosure, 511	alternative, models of, 103-104
exemptions from licensing requirement,	equity model see Equity crowdfunding
513	Flip clauses
financial services licensee	Australian policy developments, 68-69
imputing conduct and knowledge to	cases in the US, England and Australia,
provider, 525	66–68
imputing employee or agent's conduct	doctrines in insolvency law, 66
and knowledge to, 525-528	effect of, 65
general advice, distinguished from, 503	English law, under, 65
general advice warning, 524	ipso facto clauses
life insurance, 562	disadvantages, 68
reasonableness test, 523	flip clauses not always ipso facto
scaled advice, 528-530	clauses, 67
provider, 514–517	meaning, 66
imputing financial services licensee's	prohibition, 68
conduct and knowledge to, 525	Bankruptcy Code (US), 66
Financial services industry	purpose, 65–66
banking see Banking sector	validity of, refor to, 65
consumer confidence in, 404	pari passu principle, 66
customer protection in, 404–405	prohibition against contracting out of
failures in, cases dealing with, 403	insolvency legislation, 66
fairness in regulation of	purpose of, 65
community confidence in, 420, 438,	Foreign bribery and corruption see Bribery
442–443	and corruption
Corporations Act provisions, 420-423	Fraud
enforcement framework, 422	equitable, 101

Future of Financial Advice (FOFA)	deterrence and detection strategies,
cases that have considered impact of, 286	improved, 496–498
changes, 562	enforcement action on, 487–488
enactment of legislation, 152	accessory liability generally, 488–489
principles enunciated in, 215	Corporations Act 2001 (Cth), 489–492
reforms, 561	Fair Work Act 2009 (Cth), 492–493
	professional sanctions, 494–495
Gates, Bill, 7	taxation laws, 493–494
Global Financial Crisis (GFC), 16	legislative amendments, 498–501
cause of, 8–9	accessory liability for insolvent trading,
effects of, 8	498–500
voluntary administration outcomes during,	licensing and professional sanctions,
328–335	500–501
Global Reporting Initiative Guidelines	"officer", expanded definition of, 500
adoption of, 26–27	survey, 192–193
rollout, 27	India
Globalisation	corporate governance model, "ultra
rise of, 8	mandatory", 42–43
Google	CSR legalised through legislation, 42–43
code of conduct, 23	International Organization of Securities
corporate social responsibilities and	Commissions
performance, 23–24	suitability obligations, 471–472
criticism concerning, 24	Investors
data centres, 23	"persons who commonly invest"
profit maximisation, 25	application, 553
renewable energy projects, 23	frequent versus infrequent investors,
Google Green, 8	554–556
establishment of, 23	kinds of investment, 556
initiative, 23–24	legislative context, 554
Governance Institute of Australia	meaning, uncertain, 560
Shareholder Primacy: Is There a Need for	questions raised by phrase, 553
Change? discussion paper, 9, 14,	rational versus irrational investors, 556-557
15–16	retail versus institutional investors, 557
Greenwashing	Singapore, legislative reform in, 553, 557–560
corporations, 22	value investors versus day traders, 559
definition, 21–22	Insider trading
	corporate liability for
Hammersley Iron Pty Ltd v Forge Group	Australian Securities and Investments
Power Pty Ltd (in liq) (Hamersley	Commission v Hochtief AG,
<i>Iron)</i> , 572–577	204–209
	Insolvency
Illegal phoenix activity	absent, 80–88
categories, three, 277, 487	corporate, 583–587
concept of, 185	director duties in relation to see Director
overview, 486–487	legislation, draft, 151
pre-insolvency advisers involved	retail, 583–587
in, regulation of, 487–488,	trust, insolvent see Trust
501-502	trustee, insolvent see Trustee

Investment	prevention of, 234
"Social Impact Investing: Discussion	bare cause of action, prohibited
Paper", 73–74	assignment of, 225–230
Ipso facto clauses see Flip clauses	arrangements between liquidator and
	litigation funder, challenging, 226–229
Kinsela principle, 76, 99	arrangements where right to debt is
directors' knowledge of actual insolvency,	assigned, challenging, 225-226
no requirement for, 101	combined effect of assignment and
logic of, 100	funding agreement, 229-230
	Court of Appeal decision, 231–232
Legal personality	cases, three main, 219-224
meaning of, 35	liquidator able to enforce claim that is
Liability	charged, 230–231
accessory, 579–580	liquidators, actions by, 222–224
equitable and statutory, 580	private actions, 220–222
importance of, 582	representative actions, 219–220
equitable vicarious, 582	courts, attitude of, 217–219, 232–234
Life insurance	liquidator
claims, public reporting of, 569	actions by, 222–224
claims handling	claim that is charged, able to enforce, 230–231
dispute resolution framework for, 569–570	power to take action in relation to
recommendations, 569	secured assets, 231–232
reforms, 568–569	property that is subject to a charge, and,
code of practice, 570–571	231–232
financial advice, 562, 563	statutory role of, 231–232
market dynamics, 563–564	LPF Group Ltd, 217, 222
remuneration arrangements, 570	maintenance and champerty, torts of,
high upfront commission model, 563–564	217–219, 221, 224
legislation, 564–567	New Zealand Court of Appeal decisions
Lifeplan Australia Friendly Society Ltd v Ancient	PricewaterhouseCoopers v Walker and
Order of Foresters in Victoria	Scutter (PwC), 218, 222–224, 226,
Friendly Society (Lifeplan), 578–582	229, 230–234
Liquidation proceedings	Saunders v Houghton (Saunders), 218, 219
set-off rights, availability of, 572–577	Saunders, Waterhouse v Contractors
Liquidator	Bonding (Waterhouse), 218, 220–221
litigation funding in New Zealand, and see	property that is subject to a charge, 230–231
Litigation funding	regulatory regime compared to Australia,
phoenix activity see Phoenix activity	219, 232–234
unreasonable director-related transactions see Unreasonable director-related	United Kingdom courts, and, 225–226, 234
	torts of maintenance and champerty
transactions (UDRTs) Litigation funding	abolished, 221
Australian courts, attitude of, 218–219, 232–234	Maral ablaquy
	Moral obloquy
torts of maintenance and champerty abolished, 221	concept of, 5, 214 Paciocco v Australia & New Zealand
New Zealand, in, 217	
abuse of process	Banking Corp Ltd, 214 unconscionable conduct see
grounds that constitute, 220–221, 224–225	Unconscionable conduct Unconscionable conduct
grounds that constitute, 220–221, 224–223	Unconscionable conduct

Murray Report	Pari passu principle
amending legislation, initiatives proposed	flip clauses, and see Flip clauses
for, 151	Paris Agreement
Government's responses to, ASIC's powers	implementation of, 158
to oversee documentation, 151	Nationally Determined Contributions
final report, 74	(NDCs), 155
impact investment market, 74	overview, 154
implementation of, 74, 213, 285	significance of, 155
initiatives, 287	Parliamentary Joint Committee (PJC)
recommendations, 3, 285	Corporate Responsibility: Managing Risk
	and Creating Value report, 9, 15, 16
New Zealand	2004 report, 188
litigation funding in see Litigation funding	Partnership
Non-executive directors (NEDs)	liability issues, 243–244, 253
board representation, increasing, 128–129	unlimited joint liability, exceptions
care, skill and diligence, statutory duty of	to, 244
articulation, clear, 129-130, 148	overview, 243
aspects of, 135–137	Personal Property Securities Act 2009 (Cth)
ASX Code	commercial litigation under see
compared to, 143–144	Commercial litigation
conceptual relationship with, 130–132,	Phoenix activity
146–148	Black Economy Taskforce see Black
diligence, 142–143	Economy Taskforce
reasonable care, 137–141	categories of, 277, 487
skill, 141–142	challenges, 153
duties of, ASX Code elaboration of,	courts, before the, 58–59
132–135	cost, economic, 277–278, 282
functions of, comparison of ASX Code and	harmful, 184, 185, 203, 277
the law, 143–144	attractive nature of, 279
role of, crucial, 128, 147	categories of, four, 277
standards of behaviour of, 144–146	cost, economic, 58, 277–278, 282
comparison of ASX Code and the law,	detection, disruption and enforcement,
143–144	key recommendations for, 279–282
	drivers of, 279
One.Tel	long-standing issue, 277, 282
directors' bonuses, public outcry over, 48	political momentum for stronger action in
s 588FDA see Unreasonable director-	relation to, 57–58, 278
related transactions (UDRTs)	recommendations to curb, 279–282
Oppression proceedings	breaches of directors' duties, stronger
RBC Investor Services Australian Nominees	financial penalties for, 281
Pty Ltd v Brickworks Ltd, 351	director identification number (DIN), 280
Re Exton see Exton v Extons Pty Ltd (Re	external administrator processes,
Exton)	improved, 280
Origin Energy	related party asset transfers,
renewable energy, and, 22	independent valuations of, 280–281
	illegal see Illegal phoenix activity
Paciocco v Australia & New Zealand	legal, 185, 487
Banking Corp Ltd, 214	legislation designed to curb, 57–58

Phoenix activity – continued	Dick Smith Electronics and the Senate		
destruction of company books and records	inquiry, 583–584		
provisions, 193, 196	protection in insolvency, 583–587		
director penalty provisions, 193	solutions, 585–587		
directors' duties, breaches of, 193–195,	priority, 587		
197, 198, 201–203	trust account for funds received from sale		
disqualification of director provisions, 193	of gift cards, 586–587		
existing legislative provisions,	terms and conditions, 583		
enforcement of, 193–197, 203	PricewaterhouseCoopers Report for the Fair		
fraud-related tax laws, 196	Work Ombudsman (2012) , 190		
insolvent trading provisions, 195	Private equity		
liquidator powers to challenge, 5	meaning of, 60		
meaning, 48, 57, 277, 486–487	transactions, 48		
overview of, 185-186, 277	failed, 60–64		
problematic phoenix, 487	mechanics of, 60		
prohibition, 184–185, 197, 203	s 588FDA, application of, 62–63		
alternative to, 198–203	United States experience, 60–61, 63		
ASIC's position on, 191–192	•		
benefits of, 197	Queensland Nickel Limited		
case for and against, 197-198	investigation into affairs of, 73		
continuing interest in, 191–193, 197	liquidation, attempts to escape, 351		
previous attempts to define and prohibit			
wrongdoing, 186–193	Retailers		
ASC Phoenix Activity Research Paper	inventories of		
(1996), 187–188	Dick Smith see Dick Smith Holdings		
Cole Royal Commission Report	Ltd (DSH)		
(2003), 188	problems in accounting practice regarding, 369		
Fair Work Amendment (Protecting			
Australian Workers) Bill 2016,	Salomon v Salomon & Co Ltd, 34		
190–191	principle, 82		
Parliamentary Joint Committee Report	SeaWorld		
(2004), 188	reputation, damage to, 11, 13		
Phoenix Proposals Paper (2009),	Shareholders		
189–190	CSR programs, challenging, 31–33		
PricewaterhouseCoopers Report for the	enlightened share holder value theory, 39-40		
Fair Work Ombudsman (2012), 190	interests, 33		
Victorian Law Reform Committee	non-shareholder interests see Company		
Report (1994), 186–187	remedies, clarification regarding past		
s 588FDA, application of, 58, 59–60	oppression, 391–394		
sanctions solution, 198–203	shareholder intention statements in		
civil and criminal penalties, increasing	takeovers see Takeovers		
relevant, 201–203	"shareholder primacy", 8, 17		
compensation orders, expanding reach of,	Australia's company law model, 30		
198–201	changes to, 21		
varied nature of, 198	"enlightened self-interest", movement to,		
Phoenix Proposals Paper (2009), 189–190	10, 14, 39–40		
Prepayment consumer creditors	flaws, 40		
creditor class, 584–585	sustainable companies, main barrier to, 31		

Small business	trustees of superannuation funds		
"Small Business Loans Inquiry" report, 74	duty of impartiality, 409-410		
Sole proprietor	Sustainability reporting, 16, 17–19		
business structure, type of, 237, 238	benefits of, 27		
liability issues, 241–243, 253	compliance with, 27		
assets held in separate name, 242–243	frameworks, notable, 26		
Stakeholders	Global Reporting Initiative Guidelines, 26–27		
interests, 33–35, 45	hybrid approach to, 26–27		
duty of care, and, 342-344	inconsistency in, 18–19		
stakeholder remedy model, Canada, 41	international reporting standard, adoption of,		
Suitability	19, 26		
appropriate, adjective, 467–468	misleading and deceptive statements, 27–29		
best interests' duty, 468	voluntary, 27		
competitive market standard, 464	Sustainable Responsible Investments		
conflicts of interest, 466–467	demand for, 12		
consumer protection standard, 464–465	increase in, 12		
evolution of idea of, 468–470	mereuse iii, 12		
fairness, and, 405, 466–467	Takeovers		
meaning, 464, 466	AAT see Australian Administrative		
obligation	Appeals Tribunal (AAT)		
comparative obligations, 470–477	Australian Takeovers Panel see Australian		
· · · · · · · · · · · · · · · · · · ·	Takeovers Panel		
European Union, 472–473 International Organization of Securities			
e e e e e e e e e e e e e e e e e e e	competition tribunal see Australian		
Commissions, 471–472	Competition Tribunal		
Ireland, 474–476	(Competition Tribunal)		
Singapore, 476–477	litigation, 354		
United Kingdom, 473–474	public securities, and, 395–400		
United Nations Guidelines on Consumer	shareholder intention statements		
Protection (UNGCP), 471	agreement, arrangement or understanding,		
United States of America, 477	as to, 397–398		
content of, 477–480	control, as to, 398		
other standards, and, 466–468	discouragement of, 395–396, 400		
overview, 464–465, 480	legal and policy background, 396–397		
safety, 467	takeovers policy		
three notions of, 405, 465–466	enforcement of truth in, 399		
class or group of persons, 465–466	market practice, and, 399		
person, for, 465	Taxation		
product, general suitability of, 466	tax avoidance, 214		
Superannuation	multi-national, 214		
fairness, 406	Taxable Payment Reporting System		
cost, fee and unit pricing rules, 415–416	(TPRS), 213		
statutory regulation of, 412–416, 418–419	Trust		
s 52 covenants of <i>SIS Act</i> , 412–414,	assets		
416–418	access to, creditors', 78		
Superannuation Complaints Tribunal	dealing with, 76		
(SCT), 406, 414–415	assets that deprive trust creditors of		
Registrable Superannuation Entity Licensee	recourse, 95–97		
(RSE Licensee), 407–408	management, 77		

Trust – continued	trustee's right of indemnity against trust			
trustee's ownership of, 81	fund, 247			
commercial, 77	conditions to establish			
creditors, 78	indemnity, 247			
interests of, 91–101	ousting or exclusion of, 247–248			
disregarding, 101	rules of equity, 248			
equity, and, 93–95	trust legislation, 248			
expanded directors' duty, 94–98	managed investment scheme configured as a			
knowledge and intention, relevance of, 101	trust, 77			
priority rule, 99–100	popularity of, 238			
protection of, 76	separate legal personality, 77			
subrogation remedy, 99–101	solvency of, test for, 78			
debt, 78, 79	statute, not regulated by, 77			
definitional and threshold matters, 77–80	Trustee			
discretionary, tax benefits/savings, 238	assets, trust			
economic entities, 77–78	implied indemnity against, 81			
elements to, 244	corporate see Corporate trustee			
entity, 254–255	creditors, trust see Trust			
capacity in which entity owns property,	debt of, 79			
entered into contracts, 255–256	definitional matters, 77			
equity, and, 93	breach of, 76			
insolvent, 75, 77	threshold matters, and, 77–80			
assets, dealing with, 76	directors' duties see Director			
definition, proposed, 78–79	duties of			
Kinsela principle see Kinsela principle	directors, compared to, 82–83			
solvent trustee/insolvent trust scenario,	insolvency, in, 88–90			
76, 78, 79–80, 92	creditors, to consider interests of			
investment, 77	92–101			
liability issues, 244–251, 253	indemnity or "exoneration power", trustee's,			
adviser misunderstanding of trust liability	98–99, 101			
rules, 253–256	beneficiaries, interests of, 99			
capacity in which entity owns property,	insolvent, 75			
entered into contracts, 255-256	liability			
trust is an entity, 254	limitation of liability clauses, 79–80			
creditors rights, 249	limited, 77			
right of subrogation, limits to, 249-250	personal			
right of subrogation to trustee's right of	external parties, to, 81–82			
indemnity, 249	unlimited, 78			
limitation of liability through contract, 246	managed investment scheme, responsible			
personal liability "as trustee", 246	entity of, 77			
s 197 Corporations Act 2001 (Cth),	duties of a director of a corporate trustee			
250–251	that is, 87			
settlor liability, 246	misconduct, 78			
trustee as agent for beneficiaries, 246	solvent, 76			
trustee primarily liable for debts and	solvent trustee/insolvent trust scenario,			
liabilities, 245–246	76, 78, 88			
trustee's right of indemnity against	limitation of liability clauses, power of,			
beneficiaries, 248–249	79–80			

Uncommercial transactions	debtor in possession procedure based			
UDRTs, and	on, 336			
contextual differences, 51	distinguished from, 324–325, 337			
false equivalency, 50–52	commencement of, 324			
moral opprobrium, difference of,	company characteristics at time of entry			
51–52	into, 322–323			
structure of respective inquiries, 50–51	administrator firm, characteristics of, 322			
unfairness, degree of, 51–52	326–327			
Unconscionable conduct, 5	corporate governance strength, 322,			
provisions, legislative, 214	327–328			
United Kingdom	director turnover, 322, 327			
courts and litigation funding see Litigation	financial condition, 325–327			
funding	shareholders, monitoring by, 322, 327			
Unreasonable director-related transactions	shareholding, insider, 322, 327			
(UDRTs)	corporate recovery, promotion of, 336			
benefit, notion of, 54–56	court involvement in, 324			
directors and their close associates, 52–54	creditors			
moral opprobrium of, 49–50	protection of interests, 325			
s 588FDA Corporations Act 2001 (Cth)	treatment of, 325			
advent and policy of, 48–50	deed of company arrangement (DOCA)			
benefit, notion of, 54–56	formulation of, 322			
breadth of operation, 47, 49	outcomes			
constructional choices, 47, 48, 52,	frequency of, 322			
57, 64	liquidation, company, 322, 323,			
introduction of, 47	327–336			
phoenix activity see Phoenix activity	quality of, 324			
scope of, 64	duration of, 325, 335			
underutilised, 47–48	efficacy of VA scheme, 323			
uncommercial transactions, and see	large and complex enterprises, suitability			
Uncommercial transactions	for, 323			
unfairness, 50, 51–52	legislation, 324–325			
what constitute, 48–49	liquidation, 322, 323, 327–336			
	objective of, 322			
Victorian Law Reform Committee Report	outcomes, 327			
(1994) , 186–187	empirical analysis for listed companies			
Voidable transactions	from 2009 to 2015, 288, 322–324			
uncommercial see Uncommercial	analyses, methods of, 328–329			
transactions	company characteristics, 329–332			
unreasonable director-related see	discussion and conclusions, 335–338			
Unreasonable director-related	regression analysis, 332–335			
transactions (UDRTs)	results, 329–335			
Voluntary administration (VA)	sample and data, 328			
administrator	global financial crisis, during, 328–335			
"busyness", 335–336	variables, 327			
role of, 322, 326–327	role of, 288			
background and literature, 324–328	**/ *			
Chapter 11 scheme, United States	Walmart			
adoption in Australia, 337	reputation, damage to, 11			

Whistleblowing

definition, 261 discussion paper, 2017, 151 facilitation of, internal processes, 274–276 financial rewards for, 3 laws, purpose of, 261 legislation on, 341 negative consequences of, 261 protections, 3, 261–263, 276 Australia's protections compared to other G20 countries, 268–271 private sector, protections within, 263, 264–266, 268, 274–276 anonymity, 265–266, 268, 272 civil liability, criminal liability and victimisation, 264–265, 272–273 scope of protections, 265 public sector, within, 263, 276 public attitudes towards, 267 reform, law, 261-262, 276 "good faith" requirement, 272, 276 need for, 266-271, 286

protected whistleblowers and protected disclosures, scope of, 271–272 victimisation, protection against, 272–273, 276 regime, 151 consolidation of regimes, 263 criticism of, 276 multiple regimes, existence of, 263 private sector, 264–266 public sector, 263–264 rewards and incentives, 273-274, 286 compensation, 273 monetary rewards, 273–274 whistleblower compensation, 267, 273 corporate, 266 definition, 261 external disclosure, public sector, 263-264 internal disclosure, public sector, 263 mistreatment of, 261, 262 protection for, 262 role of, 276 suffering experienced by, 261–262