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**LEGAL SCHOLARSHIP NETWORK: LEGAL STUDIES RESEARCH PAPER SERIES
VICTORIA UNIVERSITY OF WELLINGTON LEGAL RESEARCH PAPERS**

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Announcements

Victoria University of Wellington Student and Alumni Sub-Series Issue 14: Corporate Law

Corporate Law is the fourteenth in 2020 of several issues of the Student/Alumni Sub-Series of the Victoria University of Wellington Legal Research Paper Series.

The Student/Alumni Sub-Series was launched in 2015. It distributes a selection of Honours and Postgraduate papers from Victoria University of Wellington Law School. The sub-series includes both general and thematic issues.

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LEGAL SCHOLARSHIP NETWORK: LEGAL STUDIES RESEARCH PAPER SERIES VICTORIA UNIVERSITY OF WELLINGTON LEGAL RESEARCH PAPERS

"The Cathedral and the Haystack: One View of Limited Liability and Corporate Groups" 

Victoria University of Wellington Legal Research Paper No. 43/2020

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This paper will examine the ways in which parent companies within corporate groups can be held liable by means of common law doctrines and statutory principles. Where a subsidiary company within a corporate group becomes insolvent and is unable to pay its creditors in full, the principles of separate legal personality and limited liability mean that a parent company will not normally be held liable. What will be explored further are the circumstances in which these default principles of corporate separateness can be ignored and liability be extended beyond the insolvent subsidiary to the solvent corporate shareholder. The support for enhanced liability is clear and represents an uncommon convergence of opinion and outcomes in corporate law scholarship. It is suggested that a complete reimagining of limited liability is not necessary. Rather, what is necessary is a modification of the current rules governing liability regarding involuntary creditors. This should be viewed as a mere readjustment to the relationship between companies and their tort victims, as opposed to a completely new form of liability.

"Achieving Long-Term Value Through Stakeholder Theory: Proposed Amendments to the Companies Act 1993"

Victoria University of Wellington Legal Research Paper No. 44/2020

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This paper begins by proposing that the objective of the company should be to maximise its long-term value. The paper then discusses Shareholder Value Theory, which requires directors to prioritise the short-term interests of shareholders over the goal of maximising the company's long-term value. The paper considers how Shareholder Value Theory is supported in New Zealand by the Companies Act 1993 and the structure of the company itself. The paper then discusses the alternate theory known as Stakeholder Theory, which requires directors to consider the interests of all affected stakeholders. It postulates that Stakeholder Theory is consistent with long-term value maximisation and should be implemented into New Zealand's legislation. Finally, the paper recommends two amendments to the Companies Act 1993 which would encourage directors to act in accordance with Stakeholder Theory. Firstly, broadening the definition of 'entitled persons' who may bring a derivative action against directors who breach their duty to further the interests of the company under s 131. Secondly, amending s 131 of the Act to include a list of stakeholders' interests and guidance on how and when directors ought to consider them. These amendments, by encouraging directors to implement Stakeholder Theory, will lead to long-term value maximisation.

"Fletcher Building, Ihumātao and the Case for Board Diversity in New Zealand"

Victoria University of Wellington Legal Research Paper No. 45/2020

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The lack of diversity on corporate boards is a serious issue in New Zealand. The most compelling argument for board diversity can be found in the recent decision by Fletcher Building to develop on Ihumātao, Māori sacred land. Using Fletcher Building and Ihumātao as an example, this paper takes a multi-faceted approach to building a case for board diversity in New Zealand. It establishes that considering minority stakeholder interests falls within the director's duty to act in the best interests of the company. A diverse board is best able to achieve this function and mitigate the agency issues that arise between the company and stakeholders. Against this background, this paper begins to build a comprehensive case for board diversity through discussing traditional corporate governance theories. It establishes that corporate governance theories that consider the value in enhancing stakeholder relationships such as CSR are more appropriate with regard to board diversity and better reflect what is now understood to fall within the best interests of the company. To contextualise the issue, this paper outlines how board diversity fits into existing New Zealand corporate governance frameworks and current diversity statistics. The existing framework is ineffective and this paper suggests practical possibilities for reform that better address the value of board diversity. Finally, this paper theorises that the core partnership, active protection and mutual benefit principles of the Treaty of Waitangi are relevant in New Zealand corporate governance and can be used as a unique underpinning of board diversity.

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About this eJournal

Victoria University of Wellington Legal Research Papers Series primarily contains scholarly papers by members of the **Faculty of Law at Victoria University of Wellington**. Some issues collect a number of papers on a similar theme to form a suite of papers on a single topic. Others issues are general or distribute mainly recent work.

The Student/Alumni Series is a subseries of the Victoria University of Wellington Legal Research Paper Series. The subseries started in 2015 and publishes papers by students and alumni of Victoria University of Wellington, comprising primarily work for honours and postgraduate courses. Papers are collected into thematic or general issues.

The Victoria University of Wellington was founded in 1899 to mark the Diamond Jubilee of the reign of Queen Victoria of Great Britain and of the then British Empire. Law teaching started in 1900. The Law Faculty was formally constituted in 1907. The first dean was Richard Maclaurin (1870-1920), an eminent scholar of both law and mathematics. Maclaurin went on to lead the Massachusetts Institute of Technology as President in its formative years. Early professors included Sir John Salmond (1862-1924), still one of the Common Law's leading scholars. His texts on jurisprudence and torts have gone through many editions and remain in print.

Alumni include Sir Robin Cooke (1926-2006), one of the leading judges of the British Commonwealth. As Baron Cooke of Thorndon, he sat on over 100 appeals to the Appellate Committee of the House of Lords, one of very few Commonwealth judges ever appointed to do so.

Since 1996 the Law School has occupied the Old Government Building in central Wellington. Designed by William Clayton and opened in 1876 to house New Zealand's then civil service, the building is a particularly fine example of Italianate neo-Renaissance style. Unusually among large colonial official buildings of the

time it is constructed of wood, apart from chimneys and vaults.

The School is close to New Zealand's Parliament, courts, and the headquarters of government departments. Throughout Victoria's history, our law teachers have contributed actively to policy formation and to law reform. As a result, in addition to many scholarly articles and books, the Victoria SSRN pages include a number of official reports.

Victoria graduates approximately 230 LLB and LLB(Hons) students each year, and about 60 LLM students. The faculty has an increasing number of doctoral students. Ordinarily there are ten to twelve students engaged in PhD research.

Victoria University observes the British system of academic ranks. In North American terms, lecturers and senior lecturers are tenured doctrinal scholars, not legal writing teachers. A senior lecturer corresponds approximately to a North American associate professor in rank.

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