

SCHOOL OF ACCOUNTING & COMMERCIAL LAW

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COML 405 ISSUES IN CORPORATE GOVERNANCE

Trimester Two 2010

COURSE OUTLINE

Contact Details

Course Co-ordinator: Trish Keeper
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Office Hours: Monday-Friday, 8.30 am-5 pm

Trimester Dates

Teaching Period: Monday 12th July – Friday 15th October 2010

Withdrawal from Courses:

Your fees will be refunded if you withdraw from this course on or before **23 July 2010**

The last date for withdrawal from this course is the three-quarter point of the teaching period, i.e. **Friday 24 September 2010**. After that date, withdrawal requires the permission of the Associate Dean (Students) as set out in section 8 of the Personal Courses of Study Statute <http://policy.vuw.ac.nz/Amphora!~policy.vuw.ac.nz~POLICY~000000001743.pdf>

To apply for permission, fill in the Late Withdrawal form available from either of our Student Customer Service Desks.

Class Times and Room Number

Tuesday from 9.30 am to 12.20 pm in RH G01.

Meeting times and dates will be confirmed after the first class or via Blackboard.

Course Content

This course entails a detailed examination of aspects of corporate governance. John Farrar describes corporate governance as looking to the control of corporations and the systems of accountability of those in control. It includes companies' legislation, but it also transcends the law because it looks not only at legal control but also at de-facto control of corporations. In addition, it looks at accountability, not only in terms of legal restraints but also in terms of systems of self-regulation and the norms of so-called best practice.¹

It is within the framework of this definition, that this course examines aspects of corporate governance. Given the potential broad range of topics that students may research in their research essay, the course begins with an overview of corporate governance in New Zealand and theoretical approaches to corporate governance, followed by student led seminars reviewing aspects of corporate governance regulation and practice in New Zealand.

Course Learning Objectives

Students passing this course should be able to:

1. Explain the fundamental regulatory structure relating to corporate governance of New Zealand companies and analyse the competing theories surrounding corporate governance and the role of corporate law.
2. Evaluate New Zealand's corporate governance structure and be able to compare it to structures in selected other jurisdictions.
3. Research a selected topic relating to the fundamental structure and present this material to other students as a seminar presentation.
4. Comment critically but constructively on the ideas and arguments put forward by others.
5. Undertake independent study on a chosen topic, and to put together a well-constructed, well-reasoned research essay, and to defend this in class discussion.

Course Delivery and Assessment

A Introduction

There will be two introductory seminars led by the course co-ordinator, which will include a session on legal databases.

The third week will involve student-led analysis of selected chapters or articles as an introduction to the tensions and conflicts in theories and practice of corporate governance and corporate law. Each student will be assigned a reading or readings to review and present to the class

B Background Report and presentation

Students led a presentation based on the draft background report.

The due date of the Report is **5 pm on Friday 20 August 2010**. Report topics will be allocated after the first meeting once class numbers are confirmed. The seminar must be based on the report, which together should explain one aspect of the underlying New Zealand corporate governance regime. For each topic it will be necessary to review relevant legislation,

¹ Farrar, J., *Corporate Governance—Theories, Principles and Practice*, 2005 (2nd ed), Melbourne, OUP, p 3.

regulation or case law. While approaches taken in comparative jurisdictions can be used to illuminate aspects of the New Zealand law, this report is not required to critically evaluate the applicable rules in the chosen area, but instead to describe the topic as a platform for further analysis in the research essay as well as provide building blocks for other students' research.

As a guide, reports should be around 3,000 words and 1.5 line spacing.

Potential report and presentation topics include:

Core directors duties, including duty to act in best interests of company and agency duties (duties in respect of conflict of interest with interest of the company, dealing with company information and share dealing)
Directors duties in relation to creditors, solvency and insolvency
Shareholders collective roles, rights and duties, which could include discussion of institutional shareholders
Disclosure requirements on companies under the Companies Act, the Financial Reporting Act and the Securities Markets Act
Theoretical approaches to regulation of companies
Others by negotiation

Students should maintain regular contact with the course lecturer. Some readings may be provided by the course lecturer, but students will be expected to undertake their own research for the report and presentation. Students are required to submit the report by email attachment. As other students in the course will be relying on the presentation and subsequent report to learn about that particular topic, it is essential that both present an accurate overview of the topic. To meet this objective, reports will be checked and approved by the course lecturer before distribution to the rest of the class by posting on blackboard. Students may therefore be required to resubmit reports.

Students should ensure that each page of their report is numbered and that it is carefully proofread before final submission. It may be helpful to enlist the help of a flatmate or family member to undertake proof reading.

Presentation

Presentations of the content of the background report will take place in week 6 of the course and will be 30 minutes each.

C Research Essay

Each student is required to complete a research essay. This is a major project and it is anticipated that students will critically review some aspect of the area covered in their report, including if relevant, proposals for reform. Alternatively, another topic may be chosen, with the approval of the lecturer. The essay should be between 5000-7000 words..

The due date for the first draft of the research essay is Monday 4 October 2010, and the due date for the final (completed) draft is **5 pm Monday 18th October 2010**. Students will present a draft of their research essay to the class, along with relevant questions for discussion. The

draft essay and list of questions for class discussion will then be made available to the class. These presentations will take place in weeks 11-12 of the trimester. Students are required to submit the draft and final forms of the essay by email attachment.

Other Potential Research topics:

- Current issues in corporate governance, for example executive remuneration
- Ethics of continuous disclosure or analysis of carve-out regime
- Corporate Social Responsibility: why is NZ failing to implement legal requirements on directors to consider CSR considerations
- Corporate Governance of public entities, SOE's etc
- Ethical investing issues

Assessment Summary

Review and critique article	Week 3	5%
Presentation of Background Report	Week 6	10%
Background Report	Week 6 (Friday 20 August)	15%
Presentation of findings of research essay	Weeks 11 and 12	10%
Research essay	Week 13 (Monday 18 October)	50%
Participation	All seminars and presentations	10%

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Expected Workload

The expected workload for COML 405 is estimated at 12 hours per week. This includes attendance at seminars, review of readings, and completion of assessments.

Group Work

Other than participation in class discussion and presentations, there is no formal group work component in the course..

Readings

Texts: (New Zealand material)

A good starting place for any research on New Zealand is Farrar, J., (2008) Corporate Governance: Theories, Principles and Practices, 3rd ed, Melbourne, OUP.

The following general company law texts may also be useful:

Law of Business Organisations (Palatine Press, 5th edition, 2009)

Andrew Borrowdale, *Duties and Responsibilities of Directors and Company Secretaries in New Zealand* (CCH, Auckland, 2002) (Closed Reserve—Law Library)

Robert Dugan, Peter McKenzie & David Patterson *Closely Held Companies: Legal and Tax Issues* (CCH, Auckland, 2000) (Closed Reserve—Law Library)

Other resources

There are also publications available to you on-line. These are available via the following databases listed under Databases on the VUW library webpage. These are regularly updated.

Lexis Nexis NZ— *Morison’s Company and Securities Law*. Also available are links to English and Australian sources. Also available to search via this database is the Company and Securities Law Bulletin –a monthly law journal with discussion of recent cases and current issues.

Brookers Online Library—then to “**Company and Securities Library**” This database has separate material on company law, securities law and insolvency law. Also available on this site are Brookers Company and Securities Cases.

CCH New Zealand On-Line Library—click on Commentary and Cases link on left side of page and then on “**New Zealand Company Law and Practice**” link. Also available on this site are CCH’s Company Law Cases.

Penalties

Please try not to exceed the word limit for your Research Essay by more than 10%. This issue will be discussed (if relevant) when the first draft is submitted, and any penalty notified if necessary.

Mandatory Course Requirements

In order to pass this course, students are required to obtain at least fifty percent of the overall course marks available. This means students must actively participate in all aspects of the course.

Communication of Additional Information

Additional information during this course will be notified during classes, or be placed on blackboard or by email.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com> Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

Class Representative

A class representative will be elected in the first class, and that person’s name and contact details will be available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

<http://www.victoria.ac.nz/home/about/policy>

**AVC (Academic) Website: information including: Conduct, Academic Grievances,
Students with Impairments, Student Support**

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Manaaki Pihipihinga Programme

http://www.victoria.ac.nz/st_services/mentoring/