



The Hon. Greg Smith SC MP
Attorney General
Minister for Justice

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CORPORATE FAULT LAW REFORM TO BENEFIT NSW ECONOMY

The NSW Government will reduce the complexity of laws that regulate when company executives can be held personally liable for the criminal misconduct of a corporation.

“Simplifying corporate fault laws will make it easier for companies and executives to understand and comply with their legal obligations,” NSW Attorney General Greg Smith said.

“Reducing the complexity of compliance is likely to result in time and cost savings for companies, which could ultimately lead to savings for consumers and better outcomes for shareholders.”

The changes to personal liability for corporate fault laws in NSW comply with new principles endorsed by the Council of Australia Governments (COAG).

“The principles are designed to bring national consistency to this area of the law and promote effective corporate compliance and risk management,” Mr Smith said.

The national principles include that:

- a corporation should be held liable in the first instance when it contravenes a statutory requirement;
- directors should not be liable for corporate fault as a matter of course or by blanket imposition of liability across an entire Act; and,
- there must be compelling public policy reasons for a director to be held personally liable for a company’s wrongdoing, such as the potential for public harm.

“Retaining personal liability for corporate fault in limited circumstances will help ensure executive officers take seriously their corporate governance obligations,” Mr Smith said.

Mr Smith said the national principles would not protect directors and executives who deliberately engage in criminal behaviour.