

TAB QUEENSLAND LIMITED PRIVATISATION AMENDMENT BILL 2003

EXPLANATORY NOTES

GENERAL OUTLINE

The objective of the Bill is to amend the *TAB Queensland Limited Privatisation Act 1999* ("Privatisation Act") to enable a proposed merger between UNiTAB Limited (formerly TABQ) and TAB Limited. The proposed amendments will –

1. Permit TAB Limited to acquire more than 10 percent of the voting shares in TABQ.
2. Subject to 1 above remove the expiry date of the 10 percent shareholding restriction (in perpetuity) imposed on investors in UNiTAB and the reference to cornerstone investors.
3. Provide that at least three directors of the merged entity are to be ordinarily resident in Queensland.
4. Provide for additional mandatory requirements to be contained in the constitution of each TAB group company.

Administrative Cost to the Government

There are no additional administrative costs to the Government in relation to the Bill.

Fundamental Legislative Principles

The Bill does not contain any matters that would breach fundamental legislative principles.

Consultation

Due to the commercial sensitivities involved in a proposed merger of two public companies, other than discussions with UNiTAB Limited and TAB Limited there has been no public consultation in relation to the Bill.

NOTES ON PROVISIONS

Clause 1 states the short title of the Act being the *TAB Queensland Limited Privatisation Amendment Act 2003*.

Clause 2 states that the Act is to commence on a day to be fixed by proclamation.

Clause 3 states that the Act amends the *TAB Queensland Privatisation Act 1999*.

Clause 4 amends the heading to section 18 by replacing the word ‘**Definition**’ with the word ‘**Definitions**’. Also, *clause 4* omits the definition of ‘**cornerstone investor**’.

Clause 5 omits section 24 which deals with the concept of a cornerstone investor.

Clause 6 amends section 26 by—

1. Omitting the reference to a cornerstone investor.
2. Deeming TAB Limited to have a prohibited shareholding interest in TABQ where it is entitled to voting shares in TABQ that constitute more than 10% of the total number of voting shares in TABQ unless the shares were acquired under an arrangement approved by a court under the Corporations Act and notified by the Minister by gazette notice.
3. Omitting section 26(4).
4. Renumbering the remaining subsections.

Clause 7 omits Divisions 3 and 4 of Part 3 concerning restrictions on dealing with shares to which a cornerstone investor may be entitled.

Clause 8 amends section 44 to provide that the Constitution of a TABQ group company must at all times require—

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1. At least three of the directors of a TABQ group company to be ordinarily resident in Queensland.
2. At least four company board meetings of a TABQ group company are to be held in Queensland each year.
3. The holders of certain senior management positions for the TABQ group to reside in Queensland.
4. The annual general meeting and annual strategic board planning meeting of each TABQ group company to be held in Queensland.

Clause 9 amends the heading to section 50 by replacing the word '**Law**' with the word '**Act**'.