

CASINO AGREEMENTS LEGISLATION AMENDMENT BILL 2002

EXPLANATORY NOTES

GENERAL OUTLINE

Policy Objectives of the Bill and the Way in Which They Will be Achieved

The objective of the Bill is to amend the *Jupiters Casino Agreement Act 1983* and the *Brisbane Casino Agreement Act 1992* (“Agreement Acts”) to facilitate the abolition of the Founder concept for the Jupiters Gold Coast and Brisbane Casinos. The proposed amendments to the Agreements will-

- (1) Remove all provisions directed specifically to restricting the sale of Founder shares.
- (2) Introduce new provisions requiring shareholders (other than those with a “grandfathered” holding) to hold no greater than 10% of the voting power in Jupiters Limited (“Jupiters”) except in the circumstances of a full takeover.
- (3) The new provisions recognise two exceptions to the general rule prohibiting shareholders from holding more than 10% of the voting power in Jupiters except in the case of a full takeover.
- (4) Remove the current restriction which prohibits foreign persons from holding greater than 40% of the voting power in Jupiters without the Minister’s approval.
- (5) Allow Jupiters to raise funds through the issue of preference shares in order to buyback a percentage of Founder shares as is intended under the de-founding proposal.
- (6) Replace references to outdated laws with references to existing laws (e.g. “*Corporations Law*” references will be replaced with references to the “*Corporations Act*”).

Administrative Cost to the Government

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

Fundamental Legislative Principles

The *Casino Agreements Legislation Amendment Act 2002* will authorise the making of further amending agreements under the Agreement Acts. The Brisbane Casino Agreement and the Jupiters Casino Agreement (“Casino Agreements”) as amended by the further amending agreements have the force of law under the Agreement Acts.

The amendments will place a maximum limit of 10% shareholding in Jupiters except in a full takeover situation. There will be two exceptions to the 10% rule applying to the current Founders and other significant shareholders in Jupiters who currently hold certain approvals of the Minister. However, the exceptions will operate in a way that will grandfather the relevant shareholding to that held at the date Jupiters announces a proposed buyback of its shares not to that held immediately after the completion of the proposed buyback. It is intended that the proposed buyback will be announced publicly by Jupiters in mid-February 2002 that is, before the Bill is introduced.

Importantly however, the result will be that the Bill will have a retrospective effect that could result in the fettering of existing rights of Founders and other significant shareholders who have approval for, but at this time have not acquired shares up to a pre-determined level of voting power in Jupiters. Jupiters has advised that the Founders have agreed in-principle to the overall de-founding process and other shareholders will have the opportunity to vote on amendments to Jupiters Constitution that are identical to those proposed to the Casino Agreements at the time of Jupiters announcement.

Consultation

Representatives of Jupiters, Treasury Department, the Department of Employment and Training, Department of Premier and Cabinet, Department of Primary Industries, Department of Justice and Attorney-General and Office of Queensland Parliamentary Counsel were consulted in relation to the Bill.

The Business Regulation Reform Unit and the Integrated Development Approval System were not consulted in relation to this Bill as the proposal does not impact on these areas.

Jupiters has advised that Jupiters Founders have agreed in-principle to the termination of the Foundation Agreement and amendments to the Constitution of Jupiters. Effectively, these amendments are identical to the amendments proposed to the Casino Agreements.

Shareholders will vote on the proposed amendments to the Constitution of Jupiters and consider the approval of the transaction at a shareholders meeting to be held before the transaction can be finalised.

NOTES ON PROVISIONS

PART 1—PRELIMINARY

Clause 1 states the short title of the Act being the *Casino Agreements Legislation Amendment Act 2002*.

PART 2—AMENDMENT OF *BRISBANE CASINO AGREEMENT ACT 1992*

Clause 2 states that Part 2 amends the Brisbane Casino Agreement Act 1992.

Clause 3 amends section 5(1) (Variation of Casino Agreement) to replace the words “the proposed” with the words “a proposed”.

Clause 4 amends the schedule by including a proposed further agreement which may be entered into by the State and Jupiters to amend the Brisbane Casino Agreement.

PART 3—AMENDMENT OF *JUPITERS CASINO AGREEMENT ACT 1983*

Clause 5 states that Part 3 amends the Jupiters Casino Agreement Act 1983.

Clause 6 amends section 4(1) (Variation of Casino Agreement) to replace the words “the proposed” with the words “a proposed”.

Clause 7 amends the schedule by including a proposed further agreement which may be entered into by the State and Jupiters to amend the Jupiters Casino Agreement.