

FIRST PRINT

GOVERNMENT INSURANCE OFFICE (PRIVATISATION)
BILL 1991

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

The object of this Bill is to provide for the conversion of the Government Insurance Office into a public company and for its sale by a public float, and in particular:

- (a) to convert GIO from a statutory authority into a public company limited by shares and with the name "GIO Australia Holdings Limited"; and
- (b) to repeal the Government Insurance Act 1927 and to apply the Corporations Law to GIO after its conversion; and
- (c) to replace the State's existing equity in GIO by the issue of fully paid up shares to the State and the creation of a debt payable to the State by GIO after its conversion; and
- (d) to authorise the Minister to exclude from the sale of GIO any part of the business undertakings of GIO and of its subsidiaries, and to reorganise those business undertakings before the sale; and
- (e) to authorise the sale of GIO by a public float (comprising the disposal of the shares issued to the State on the conversion and the initial issue of shares by GIO after its conversion to repay the specially created debt to the State) and to limit to 10% the maximum initial shareholding of any one purchaser.

PART 1—PRELIMINARY

Clause 1. Short title.

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**PART 2—CREATION OF CAPITAL STRUCTURE AND OTHER STEPS
PRIOR TO CONVERSION OF GIO INTO PUBLIC COMPANY**

Clause 5 confers a share capital on GIO to take effect on its conversion into a public company under proposed Part 3.

Clause 6 provides for GIO to issue paid up shares to the State.

Clause 7 creates a debt to the State so as to provide an additional means (apart from the sale of the shares in GIO issued to the State) by which the State is to receive the proceeds of the sale of GIO.

Clause 8 authorises GIO to retain certain distributable reserves.

Clause 9 requires GIO to apply for registration as a company and for the reservation of the name "GIO Australia Holdings Limited".

**PART 3—CONVERSION OF GIO INTO PUBLIC COMPANY AND REPEAL
OF GOVERNMENT INSURANCE ACT 1927**

Clause 10 deems GIO's application for registration as a company, and for the reservation of its new name, to have been granted.

Clause 11 changes GIO's name to "GIO Australia Holdings Limited" and prevents it from using a name (apart from "GIO") which suggests it is associated with the State.

Clause 12 provides that the new memorandum and articles of association of GIO are those lodged with the application for registration under clause 9.

Clause 13 provides that the State becomes a member of GIO on the conversion because of its shareholding.

Clause 14 authorises the Minister administering the proposed Act to act for or on behalf of the State in connection with the State's shares in GIO.

Clause 15 preserves the legal identity of GIO despite its conversion into a public company and provides for the construction of references to "GIO" in Acts and other instruments.

Clause 16 preserves the Government guarantee for GIO policies and contracts issued or made before its conversion into a public company. In addition, the clause enables the Treasurer to extend the Government guarantee to policies and contracts issued or made after the conversion and before the sale or issued or made after any undertaking has been excluded.

Clause 17 repeals the Government Insurance Act 1927, Acts amending that Act and regulations under those Acts.

Clause 18 is a formal provision which gives effect to the Schedule of savings and transitional provisions relating to the conversion of GIO.

Clause 19 is a formal provision which gives effect to the Schedule of consequential amendments to other Acts.

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**PART 4—REORGANISATION OF GIO BUSINESS UNDERTAKING IN
CONNECTION WITH CONVERSION AND SALE OF GIO**

Clause 20 authorises the Minister to transfer any part of the business undertaking of GIO to GIO subsidiaries to establish an appropriate corporate structure.

Clause 21 authorises the Minister to make a similar transfer from a GIO subsidiary to another such subsidiary or to GIO.

Clause 22 provides for the allocation of transferred undertakings to capital or reserves.

Clause 23 provides that the power to direct transfers ceases if GIO is no longer wholly Government owned.

**PART 5—EXCLUSION OF BUSINESS UNDERTAKING FROM GIO OR
GIO SUBSIDIARY**

Clause 24 authorises the Minister to exclude any business undertaking from GIO or a GIO subsidiary and transfer it to a specially constituted Ministerial Corporation or other person on behalf of the State.

Clause 25 provides that the power to exclude undertakings ceases if GIO is no longer wholly Government owned.

Clause 26 authorises the Ministerial Corporation or other body to which any excluded undertaking is transferred to hold it or to sell or otherwise dispose of it.

Clause 27 authorises the Ministerial Corporation or other person to enter into an agreement with GIO or a GIO subsidiary for the continued management of any excluded undertaking.

Clause 28 constitutes the NSW Insurance Ministerial Corporation.

**PART 6—SALE OF GIO BY PUBLIC FLOAT AFTER CONVERSION INTO
PUBLIC COMPANY**

Clause 29 authorises the Minister to make arrangements for the sale of GIO by public float, comprising the disposal of the shares issued to the State and the issue of shares by GIO after its conversion to repay the specially created debt to the State.

Clause 30 authorises the Minister (subject to the proposed Part) to dispose of the State's shares in GIO.

Clause 31 provides that the maximum shareholding of any one person or body in the initial offer of shares in the public float is 10%.

Clause 32 requires the proceeds of sale to be paid into the Consolidated Fund. The proceeds will include the payments for the disposal of the shares, the repayment of the specially created debt in GIO and specified sales of excluded undertakings.

Clause 33 protects the money owing to the State from the proceeds of the public float.

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**PART 7—SPECIAL PROVISIONS APPLYING TO GIO DURING PERIOD
AFTER CONVERSION INTO PUBLIC COMPANY AND PRIOR TO
DISPOSAL OF STATE'S MAJORITY SHAREHOLDING**

Clause 34 provides that the proposed Part applies during any period after the conversion when the State retains a majority of the shares in GIO.

Clause 35 places the board of directors of GIO under Ministerial control.

Clause 36 declares, for constitutional, taxation and related purposes, that GIO and relevant subsidiaries are the agencies through which the State engages in State insurance.

Clause 37 applies certain provisions of the State Owned Corporations Act 1989 to GIO, such as those relating to accountability, affirmative action etc.

PART 8—VESTING OF UNDERTAKING ON TRANSFER ETC.

Clause 38 provides that the proposed Part applies whenever an order is made under the proposed Act transferring any business undertaking.

Clause 39 effects a statutory transfer of assets, rights and liabilities and avoids the necessity for the execution of transfer documents.

Clause 40 preserves the rights of staff of GIO transferred to a GIO subsidiary during the reorganisation of GIO prior to sale.

Clause 41 enables a transfer order to specify the consideration for the transfer and the values at which assets etc. are transferred.

PART 9—MISCELLANEOUS

Clause 42 declares that the Act binds the Crown.

Clause 43 prohibits the disclosure of confidential information about the affairs of individual customers of GIO or a GIO subsidiary.

Clause 44 exempts from stamp duty and other State taxes documents executed in connection with the conversion of GIO into a public company.

Clause 45 relates to evidentiary certificates with respect to transfer orders and other matters under the proposed Act.

Clause 46 confers power to make regulations, including savings and transitional regulations.

Schedule 1 contains savings and transitional provisions consequent on the conversion. In particular:

Clause 1 dissolves the existing GIO Board on the conversion of GIO.

Clause 2 modifies the application to GIO of certain provisions of the Corporations Law because of its conversion, eg. while the State holds the shares in GIO it is to have the usual 5 members as a public company.

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Clause 3 makes transitional arrangements with respect to audit for the completed part of the financial year at the time of the conversion.

Clause 4 saves tax-equivalent payments payable by GIO before its conversion and provides for such payments until the sale.

Clause 5 makes transitional arrangements with respect to contributors to State Superannuation schemes on the conversion.

Schedule 2 contains consequential amendments of other Acts.

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**GOVERNMENT INSURANCE OFFICE (PRIVATISATION)
BILL 1991**

NEW SOUTH WALES



No. , 1991

A BILL FOR

An Act to provide for the conversion of the Government Insurance Office into a public company and for its sale by a public float; and to repeal the Government Insurance Act 1927 and amend other Acts.

The Legislature of New South Wales enacts:

PART 1—PRELIMINARY

Short title

1. This Act may be cited as the Government Insurance Office (Privatisation) Act 1991.

Commencement

2. (1) This Act commences on days to be appointed by proclamation.
(2) Part 3 is to commence on a day that is after the day appointed for the commencement of Part 2.

Object of Act

3. The object of this Act is to provide for the conversion of the Government Insurance Office into a public company and for its sale by a public float, and in particular:

- (a) to convert GIO from a statutory authority into a public company limited by shares and with the name "GIO Australia Holdings Limited"; and
- (b) to repeal the Government Insurance Act 1927 and to apply the Corporations Law to GIO after its conversion; and
- (c) to replace the State's existing equity in GIO by the issue of fully paid up shares to the State and the creation of a debt payable to the State by GIO after its conversion; and
- (d) to authorise the Minister to exclude from the sale of GIO any part of the business undertakings of GIO and of its subsidiaries, and to reorganise those business undertakings before the sale; and
- (e) to authorise the sale of GIO by a public float (comprising disposal of the shares issued to the State on the conversion and the initial issue of shares by GIO after its conversion to repay the specially created debt to the State) and to limit to 10% the maximum initial shareholding of any one purchaser.

Definitions

4. (1) In this Act:

"assets" means any legal or equitable estate or interest (whether present or future and whether vested or contingent) in real or personal property of any description (including money), and includes securities, choses in action and documents;

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- “business undertaking”** of GIO or of a GIO subsidiary means all the assets, rights and liabilities of GIO or the subsidiary;
- “conversion”** means the conversion of GIO into a public company on the commencement of Part 3;
- “excluded undertaking”** means any assets, rights or liabilities of GIO or a GIO subsidiary which the Minister has directed to be excluded under Part 5;
- “GIO”** means the body corporate that, immediately before the conversion, exists because of section 3 of the GIO Act under the name of the Government Insurance Office of New South Wales (that name being changed on conversion to GIO Australia Holdings Limited);
- “GIO Act”** means the Government Insurance Act 1927;
- “GIO Board”** means the Government Insurance Office of New South Wales Board established by section 3B of the GIO Act;
- “GIO subsidiary”** means a subsidiary of GIO within the meaning of the Corporations Law;
- “instrument”** means an instrument (other than this Act) which creates, modifies or extinguishes rights or liabilities (or would do so if lodged, filed or registered in accordance with any law), and includes any judgment, order and process of a court;
- “liabilities”** means all liabilities, debts and obligations (whether present or future and whether vested or contingent);
- “Ministerial Corporation”** means the NSW Insurance Ministerial Corporation constituted by Part 5;
- “rights”** means all rights, powers, privileges and immunities (whether present or future and whether vested or contingent);
- “share”** means a share in the share capital of a body corporate;
- “the State of New South Wales”** includes the Crown in right of New South Wales and the Government of New South Wales.
- (2) In this Act:
- (a) a reference to a function includes a reference to a power, authority and duty; and
 - (b) a reference to the exercise of a function includes, in the case of a duty, a reference to the performance of that duty.
- (3) In this Act, a reference to the business undertaking of GIO or of a GIO subsidiary at any particular time does not include a reference to any part of that undertaking that has been excluded or transferred by this Act before that time.

**PART 2—CREATION OF CAPITAL STRUCTURE AND
OTHER STEPS PRIOR TO CONVERSION OF GIO INTO
PUBLIC COMPANY**

Share capital of GIO

5. (1) As from the commencement of this Part, GIO is to have a share capital.

(2) The nominal share capital is to be \$1,000,000,000. The amount of the issued share capital is to be equal to the amount that section 6 requires to be applied in paying up shares in GIO.

(3) The share capital is to be divided into shares of \$1 each.

(4) The share capital may be divided into classes of shares.

(5) Rights may be attached to shares included in a class of shares.

(6) Anything done under subsection (4) or (5) is to be done by the Minister by order in writing.

(7) This section has effect for the purposes of this Act despite anything to the contrary in section 7B (2) of the GIO Act.

(8) As from the conversion, this section has effect subject to the Corporations Law and to the memorandum and articles of association of GIO.

Issue of shares in GIO

6. (1) As soon as practicable after the commencement of this Part, GIO is required to apply the requisite amount of its capital in paying up, in full, shares in GIO.

(2) The requisite amount of capital is such amount as the Minister determines by order in writing. The Minister is required to consult with the GIO Board before making such an order.

(3) As soon as practicable after complying with subsection (1), GIO is required to issue the shares paid up under that subsection to the State of New South Wales.

(4) The issue of those shares discharges in full any obligation of GIO existing before the conversion to repay the capital of GIO to the State of New South Wales. The issue of those shares does not discharge the obligation of GIO to repay any debt created by section 7.

(5) The shares so issued are taken to have been issued for valuable consideration other than cash, being the discharge effected by subsection (4).

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(6) The State of New South Wales is not a member of GIO at any time before the conversion merely because the State holds shares in GIO.

Creation of debt due to State by GIO

7. (1) The purpose of this section is to provide the means (apart from the sale of the shares in GIO issued to the State of New South Wales) by which the State is to receive the proceeds of the sale of GIO by a public float under this Act.

(2) On the conversion, GIO becomes liable to pay to the State of New South Wales such amount as the Minister may determine by order in writing before the conversion.

(3) Any such amount is payable at such time or times as the Minister determines by order in writing and may be recovered by the Minister on behalf of the State as a debt in any court of competent jurisdiction.

Retention by GIO of certain distributable reserves

8. (1) The Minister may, before the conversion, determine by order in writing the kinds and amounts of distributable reserves of GIO recorded at that time in its books of account which are to be retained and carried forward in those books of account after the conversion.

(2) The Minister is required to consult with the GIO Board before making such an order.

GIO to apply to be registered as a company etc.

9. (1) GIO must, before the conversion:

- (a) apply to the Australian Securities Commission under section 133 of the Corporations Law to be registered as a company limited by shares under Division 3 of Part 2.2 of the Corporations Law (Registering non-companies as companies); and
- (b) apply to that Commission under section 374 of the Corporations Law for the reservation of the name "GIO Australia Holdings Limited".

(2) GIO is required to lodge with the application for registration as a company:

- (a) proposed memorandum and articles of association of GIO; and
- (b) subject to any order in writing of the Minister, the other documents and information required by section 136 of the Corporations Law to accompany the application.

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- (3) The proposed memorandum of association:
- (a) is to specify that the State of New South Wales is to be the sole subscriber to the memorandum and is to take up the number of shares in the capital of GIO issued under section 6; and
 - (b) is to be signed by the Minister on behalf of the State of New South Wales.
- (4) The proposed articles of association:
- (a) are to provide that the first directors of GIO after the conversion are to be appointed by the Minister; and
 - (b) are to be signed by the Minister on behalf of the State of New South Wales.
- (5) GIO is entitled to make the applications, and to lodge the documents, referred to in this section.
- (6) The name "GIO Australia Holdings Limited" is taken to have been reserved under section 374 of the Corporations Law immediately after the making of the application to reserve that name.

**PART 3—CONVERSION OF GIO INTO PUBLIC COMPANY
AND REPEAL OF GOVERNMENT INSURANCE ACT 1927**

GIO taken to be registered under Corporations Law as public company

10. (1) On the commencement of this Part:
- (a) the application referred to in section 9 for registration as a company is taken to have been granted; and
 - (b) GIO is taken to have been registered under section 137 of the Corporations Law:
 - (i) by the name "GIO Australia Holdings Limited"; and
 - (ii) as a public company, and as a company limited by shares, within the meaning of the Corporations Law; and
 - (c) the name "GIO Australia Holdings Limited" is taken to have been registered in respect of GIO under section 374 (5) of the Corporations Law.
- (2) The date of commencement of GIO's registration as a company under Division 3 of Part 2.2 of the Corporations Law is taken to be the date of commencement of this Part.
- (3) For the purposes of Division 3 of Part 2.2 of the Corporations Law, GIO is taken to have been, immediately before the commencement of this Part, and to be on that commencement, a corporation within the meaning of the Corporations Law.

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New name of GIO

11. (1) On the conversion, GIO's name is, by force of this subsection, changed to "GIO Australia Holdings Limited".

(2) Section 382 (4) of the Corporations Law applies in relation to the change of name made by subsection (1) as if:

(a) GIO were a company, within the meaning of the Corporations Law, when the change was made; and

(b) the change was made under the Corporations Law.

(3) This section has effect despite anything in the Corporations Law, but nothing in this section prevents:

(a) GIO from later changing its name under section 382 of the Corporations Law; or

(b) the cancellation, under Part 4.2 of the Corporations Law, of the registration of a name.

(4) GIO or a GIO subsidiary is not entitled to use in connection with its business the name "Government Insurance Office" or any other name (apart from "GIO") which suggests that it is associated with the State of New South Wales. This subsection does not apply during any period to which Part 7 applies.

Memorandum and articles of GIO

12. (1) As from the conversion, the proposed memorandum and articles of association lodged under section 9:

(a) are respectively the memorandum and articles of association of GIO; and

(b) bind GIO and its members accordingly.

(2) As from the conversion, the Corporations Law applies in relation to GIO's memorandum and articles of association as if they had been registered as such under the Corporations Law.

Membership of GIO

13. (1) The State of New South Wales, as the holder of shares in GIO at the conversion, becomes (by force of this subsection) a member of GIO at the conversion.

(2) The State of New South Wales is, in relation to membership of GIO, entitled to the same rights, privileges and benefits, and is subject to the same duties, liabilities and obligations, as if it had become a member of GIO under its memorandum and articles of association.

Minister may act for State as shareholder

14. The Minister may act for or on behalf of the State of New South Wales in connection with:

- (a) the rights, privileges and benefits; and
- (b) the duties, liabilities and obligations,

of the State as the holder of shares in GIO which were issued to the State under Part 2.

Continuity of GIO and construction of references to GIO

15. (1) Without limiting any other provision of this Act or the Corporations Law, GIO Australia Holdings Limited is a continuation of, and the same legal entity as, GIO (as it existed before the conversion).

(2) After the conversion, a reference in any other Act or in any instrument made under any Act or in any other document of any kind to the Government Insurance Office is to be read as (or as including) a reference to GIO Australia Holdings Limited, unless it is required by this Act to be read as a reference to some other person because it relates to an excluded undertaking or an undertaking transferred to a GIO subsidiary company. This subsection is subject to the regulations under section 46 (2).

Government guarantee continued for existing or pre-sale policies etc.

16. (1) The payment of all money under a policy or contract which, immediately before the repeal of section 8 of the GIO Act, was guaranteed by the State under that section continues to be guaranteed by the State. The guarantee continues despite the repeal of that section and despite the fact that GIO's liabilities under the policy or contract have been transferred, whether by the operation of this Act or otherwise.

(2) In addition, the payment of all money under a policy or contract of a class approved from time to time by the Treasurer for the purposes of this section is guaranteed by the State. The policies or contracts that may be so approved are those issued or made:

- (a) by GIO or a GIO subsidiary at any time when the State of New South Wales holds shares in GIO (being shares issued under Part 2) or at any later time if before that time GIO or the GIO subsidiary offered to issue or make the policies or contracts; or
- (b) by the Ministerial Corporation or other person to whom the excluded undertaking to which the policies or contracts relate is transferred under this Act.

(3) Any liability arising from the guarantee under this section is to be met out of the Consolidated Fund, which is appropriated accordingly.

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Repeal of GIO Act etc.

17. On the conversion, the following Acts and the regulations under those Acts are repealed:

GIO Act

Government Insurance (Amendment) Act 1978 No. 153

Government Insurance (Amendment) Act 1982 No. 56

Government Insurance (Amendment) Act 1985 No. 95

Savings and transitional provisions relating to conversion of GIO into public company

18. Schedule 1 has effect.

Consequential amendment of other Acts

19. The Acts specified in Schedule 2 are amended as set out in that Schedule.

**PART 4—REORGANISATION OF GIO BUSINESS
UNDERTAKING IN CONNECTION WITH CONVERSION AND
SALE OF GIO**

Minister may direct transfer of parts of GIO business undertaking to GIO subsidiary

20. (1) The Minister may, by order in writing, direct that any part or parts of GIO's business undertaking be transferred to a GIO subsidiary or GIO subsidiaries specified in the order.

(2) Part 8 applies to an order under this section.

Minister may direct transfer of parts of business undertaking of GIO subsidiary to other subsidiaries or to GIO

21. (1) The Minister may, by order in writing, direct that any part or parts of the business undertaking of a GIO subsidiary (including anything transferred under this Part) be transferred to another GIO subsidiary specified in the order or to GIO.

(2) Part 8 applies to an order under this section.

Allocation of transferred assets to capital and reserves

22. (1) The Minister may, by order in writing, direct that any assets transferred to a GIO subsidiary or to GIO under this Part are to be

allocated to capital and reserves in such amounts and in accordance with such requirements as are specified in the order.

(2) Any shares issued in accordance with a direction under this Part are taken to have been issued in consideration of the vesting in the GIO subsidiary or GIO under this Part of the assets allocated to capital.

Time when transfers may be effected

23. (1) An order under this Part may be made before, on or after the conversion of GIO into a public company.

(2) After the conversion, any such order may not be made unless all the shares in GIO are held by the State of New South Wales (being the shares issued under Part 2). However, the order may be expressed to take effect after the State has ceased to hold all or any of those shares.

PART 5—EXCLUSION OF PARTS OF BUSINESS UNDERTAKING FROM GIO OR GIO SUBSIDIARY

Excluded undertakings

24. (1) The Minister may direct, by order in writing, that any assets, rights or liabilities that are part of the business undertaking of GIO or a GIO subsidiary be excluded from that business undertaking and transferred to the Ministerial Corporation or another person on behalf of the State of New South Wales.

(2) If an excluded undertaking includes money, the order may direct the payment of the money into the Consolidated Fund.

(3) An order under this section may define an excluded undertaking by reference to a business undertaking other than any part specified in the order.

(4) Part 8 applies to an order under this section.

Time when exclusion may be effected

25. (1) An order under this Part may be made before, on or after the conversion of GIO into a public company.

(2) After the conversion, any such order may not be made unless all the shares in GIO are held by the State of New South Wales (being the shares issued under Part 2). However, the order may be expressed to take effect after the State has ceased to hold all or any of those shares.

Ministerial Corporation etc. may sell excluded undertaking or retain it

26. (1) The Ministerial Corporation or any other person to whom any excluded undertaking is transferred may:

- (a) sell or otherwise dispose of the whole or any part of the excluded undertaking; or
- (b) retain the whole or any part of the excluded undertaking and conduct any business to which it relates.

(2) The Minister may, for the purposes of any such sale or other disposal, direct by order in writing that the excluded undertaking concerned be transferred to the body or person to whom it is being sold or otherwise disposed of.

(3) Part 8 applies to an order under this section.

GIO or subsidiary may act as agent etc. with respect to excluded undertaking

27. The Ministerial Corporation or any other person to whom any excluded undertaking is transferred under this Part may enter into an agreement or arrangement with GIO or a GIO subsidiary for the exercise by GIO or the GIO subsidiary (as an agent or otherwise) of such functions relating to the excluded undertaking as are specified in the agreement or arrangement.

Constitution, management and functions of NSW Insurance Ministerial Corporation

28. (1) There is constituted by this Act a corporation with the corporate name of NSW Insurance Ministerial Corporation.

(2) The affairs of the Ministerial Corporation are to be managed by the Minister.

(3) Any act, matter or thing done in the name of, or on behalf of, the Ministerial Corporation by the Minister, or with the authority of the Minister, is taken to have been done by the Ministerial Corporation.

(4) The Ministerial Corporation has the functions conferred or imposed on it by or under this or any other Act.

PART 6—SALE OF GIO BY PUBLIC FLOAT AFTER CONVERSION INTO PUBLIC COMPANY

Sale of GIO by public float

29. (1) The Minister may make arrangements for the sale of GIO by a public float, comprising the disposal of the shares issued to the State under Part 2 and the initial issue of shares by GIO after its conversion to repay the debt to the State created under Part 2.

(2) The arrangements may include underwriting agreements and the issue of a prospectus.

(3) This section does not require all the money paid for the initial issue of shares to be applied to the repayment of the debt to the State.

State may dispose of its shares

30. (1) The State of New South Wales may, subject to this Part, dispose of all or any of its shares in GIO.

(2) The Minister is authorised to enter into agreements for the transfer to any person of those shares. Without limitation, any such person may be a body corporate.

Maximum shareholding of 10% of shares offered in public float

31. (1) This section applies to the issue of shares by GIO under its first registered prospectus and the disposal by the State of New South Wales of its shares in GIO.

(2) A person must not (whether as principal or agent):

- (a) apply to GIO (or to an agent or underwriter) for the issue of shares in GIO; or
- (b) offer or agree to acquire the shares in GIO of the State of New South Wales,

if the issue or acquisition would have the result that the relevant interest of a person in GIO would be more than 10%.

Maximum penalty: 500 penalty units.

(3) The relevant interest of a person in GIO at a particular time is equal to the percentage of the total paid-up share capital of GIO in which the person holds an interest.

(4) A person is taken to have an interest in shares for the purposes of this section if the person has such an interest within the meaning of the Banks (Shareholdings) Act 1972 of the Commonwealth.

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(5) This section has effect subject to such exceptions or modifications (if any) as are prescribed by the regulations.

(6) It is a defence to a prosecution for an offence against this section if the defendant proves that the contravention was due to the defendant not being aware of a fact or occurrence the existence of which was necessary to constitute the offence.

(7) Proceedings for an offence against this section are to be dealt with by the Supreme Court in its summary jurisdiction.

(8) A contract, dealing or other transaction affecting shares in GIO is not unenforceable, voidable or void merely because the contract, dealing or other transaction was entered into in contravention of this section.

Proceeds of sale

32. (1) The proceeds of the sale of GIO must be paid into the Consolidated Fund.

(2) The proceeds of sale consist of any payment for the disposal of the shares of the State of New South Wales, any repayment of the debt to the State created under Part 2 and any proceeds of the sale of an excluded undertaking determined by the Minister.

(3) There may be deducted from the proceeds of sale before payment into the Consolidated Fund such amount as the Minister approves to meet the expenses reasonably incurred in connection with the sale (including expenses incurred in connection with the conversion of GIO into a public company).

Special trust account for proceeds of public float pending repayment of debt to State

33. (1) All money paid to GIO by an applicant for the issue of shares by GIO under its first registered prospectus must, until the repayment of the debt to the State created under Part 2, be held by GIO in a bank account kept by GIO solely for the purpose of depositing money paid by applicants for the issue of those shares.

(2) The terms of operation of the bank account are to be that GIO may not withdraw money from the account without the Minister's consent and that the Minister may without restriction withdraw money from the account to repay the debt.

(3) A bank with which any such money has been deposited does not have any duty to inquire into or see to the proper application of the money so long as the bank acts in good faith.

(4) This section does not authorise the withdrawal of money from the bank account before the issue of the shares for which the money was paid.

**PART 7—SPECIAL PROVISIONS APPLYING TO GIO
DURING PERIOD AFTER CONVERSION INTO PUBLIC
COMPANY AND PRIOR TO DISPOSAL OF STATE'S
MAJORITY SHAREHOLDING**

Application of Part during majority shareholding in GIO by State

34. This Part applies during any period after the conversion when a majority of the issued shares in GIO are held by the State of New South Wales—the shares held by the State being shares issued under Part 2.

Ministerial control

35. (1) The board of directors of GIO is, in the exercise of its functions, subject to the control and direction of the Minister.

(2) Neither the enactment of this section nor the exercise of the Minister's powers under this section constitutes the Minister as a director of GIO or a person who participates in the management of GIO.

(3) A director of GIO is not personally liable in any civil or criminal proceedings (including proceedings for a breach of any duty under the Corporations Law) for anything done or omitted for the purpose only of complying with a direction of the Minister under this section.

Status of GIO etc.

36. (1) GIO (and any GIO subsidiary to which any part of GIO's business undertaking is transferred under this Act) are agencies through which the State of New South Wales engages in State insurance, and for that purpose are public authorities of the State.

(2) However, GIO or any GIO subsidiary:

- (a) is not and does not represent the State of New South Wales except by express agreement with the Minister; and
- (b) is not exempt from any rate, tax, duty or other impost imposed by or under any law of the State of New South Wales merely because it is a company in which the State holds shares; and
- (c) cannot render the State of New South Wales liable for any debts, liabilities or obligations of GIO or any GIO subsidiary,

unless this Act or any other Act or law otherwise expressly provides.

(3) In this section, "State insurance" means State insurance as referred to in section 51 (xiv) of the Commonwealth Constitution.

Application of certain provisions of State Owned Corporations Act 1989 to GIO

37. The following provisions of the State Owned Corporations Act 1989 apply to GIO as if it were a State owned corporation (with or without any modification prescribed by the regulations):

- (a) such of the provisions of Part 4 (Accountability) as are prescribed by the regulations;
- (b) section 35 (Affirmative action);
- (c) section 36 (Application of other Acts);
- (d) any other provision prescribed by the regulations.

PART 8—VESTING OF UNDERTAKING ON TRANSFER ETC.**Application and interpretation**

38. (1) This Part applies to the following orders under this Act:

- (a) an order under Part 4 transferring a part of the business undertaking of GIO to a GIO subsidiary or transferring a part of the business undertaking of a GIO subsidiary to another GIO subsidiary or to GIO;
- (b) an order under Part 5 excluding a part of the business undertaking of GIO or a GIO subsidiary and transferring it to the Ministerial Corporation or other person on behalf of the State;
- (c) an order under Part 5 transferring any part of the excluded undertaking to a person acquiring it from the Ministerial Corporation or other person on behalf of the State.

(2) In this Part, the body or person from whom a part of a business undertaking is so transferred is called the **transferor** and the body or person to whom it is being so transferred is called the **transferee**.

Vesting of undertaking etc. in transferee

39. (1) When any part of a business undertaking is transferred by an order to which this Part applies, the following provisions have effect (subject to the order directing the transfer):

- (a) the assets of the transferor comprised in that part of the undertaking vest in the transferee by force of this section and without the need for any conveyance, transfer, assignment or assurance;
- (b) the rights and liabilities of the transferor comprised in that part of the undertaking become by force of this section the rights and liabilities of the transferee;

- (c) all proceedings relating to that part of the undertaking commenced before the transfer by or against the transferor and pending immediately before the transfer are taken to be proceedings pending by or against the transferee;
 - (d) anything done or omitted to be done in relation to that part of the undertaking before the transfer by, to or in respect of the transferor is (to the extent that it has any force or effect) taken to have been done or omitted to be done by, to or in respect of the transferee;
 - (e) a reference in any other Act, in any instrument made under any Act or in any document of any kind to the transferor is (to the extent that it relates to that part of the undertaking but subject to the regulations under section 46 (2)) to be read as, or as including, a reference to the transferee.
- (2) The operation of this section is not to be regarded:
- (a) as a breach of contract or confidence or otherwise as a civil wrong; or
 - (b) as a breach of any contractual provision prohibiting, restricting or regulating the assignment or transfer of assets, rights or liabilities; or
 - (c) as giving rise to any remedy by a party to an instrument, or as causing or permitting the termination of any instrument, because of a change in the beneficial or legal ownership of any asset, right or liability.
- (3) The operation of this section is not to be regarded as an event of default under any contract or other instrument.
- (4) No attornment to the transferee by a lessee from the transferor is required.
- (5) Any instrument executed only for:
- (a) a purpose ancillary to or consequential on the operation of this section; or
 - (b) the purpose of giving effect to this section,
- is not chargeable with stamp duty.

Transfer of staff

40. (1) This section applies when an order to which this Part applies includes the transfer of the employment of staff from the transferor to the transferee.

(2) Each member of the staff concerned becomes after the transfer a member of the staff of the transferee and continues (until other provision is duly made) to be employed in accordance with the awards, agreements

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and determinations applying, immediately before the transfer, to members of the staff of the transferor.

(3) Neither the contract of employment nor the period of employment of each member of the staff concerned is taken to have been broken by the operation of this Act for the purposes of any law, award or agreement relating to the employment of that member of staff.

(4) Without limiting this section, this Act does not affect any accrued rights that the member of the staff concerned had immediately before the transfer in relation to any kind of leave.

(5) A member of the staff concerned is not entitled to receive any payment or other benefit merely because the member ceases to be an employee of the transferor.

Consideration etc. for vestings

41. An order to which this Part applies may specify the consideration on which the order is made and the value or values at which the assets, rights or liabilities are transferred.

PART 9—MISCELLANEOUS

Act binds Crown

42. This Act binds the Crown not only in right of New South Wales but also, so far as the legislative power of Parliament permits, the Crown in all its other capacities.

Non-disclosure of confidential information relating to GIO's customers

43. Information with respect to the affairs of an individual customer of GIO or of a GIO subsidiary is not to be disclosed to the Minister or any other person pursuant to any power conferred by this Act.

Exemption from tax for conversion documents etc.

44. (1) In this section:

“exempt matter” means:

- (a) the issue of shares in GIO under Part 2 and the disposal of those shares by the State; or
- (b) the application by GIO under this Act for registration as a company or for the reservation of its name; or
- (c) any other matter related to the conversion of GIO into a public company under this Act;

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“State tax” means application or registration fees, stamp duty or any other tax, duty, fee or charge imposed by any Act or law of the State.

(2) State tax is not payable in relation to:

- (a) an exempt matter; or
- (b) anything done because of, or for a purpose connected with or arising out of, an exempt matter.

(3) This section does not limit the operation of section 39 (5).

Certificate evidence

45. A certificate purporting to be signed by the Minister or a prescribed officer that:

- (a) an order specified or referred to in the certificate is an order made by the Minister under a specified provision of this Act; or
- (b) a specified class of policies or contracts have been approved by the Treasurer under section 16,

is admissible in evidence in any legal proceedings and is evidence of the matters certified.

Regulations

46. (1) The Governor may make regulations, not inconsistent with this Act, for or with respect to any matter that by this Act is required or permitted to be prescribed or that is necessary or convenient to be prescribed for carrying out or giving effect to this Act.

(2) In particular, the regulations may contain provisions of a savings or transitional nature consequent on the enactment of this Act (including the interpretation of references to GIO or the GIO Act).

(3) Any such savings or transitional provisions may, if the regulations so provide, take effect from the date of assent to this Act or a later date.

(4) To the extent to which any such savings or transitional provision takes effect on a date that is earlier than the date of its publication in the Gazette, the provision does not operate so as:

- (a) to affect, in a manner prejudicial to any person (other than the State, GIO, a GIO subsidiary or an authority of the State), the rights of that person existing before the date of its publication; or
 - (b) to impose liabilities on any person (other than the State, GIO, a GIO subsidiary or an authority of the State) in respect of anything done or omitted to be done before the date of its publication.
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**SCHEDULE 1—SAVINGS AND TRANSITIONAL PROVISIONS RELATING
TO CONVERSION OF GIO INTO A PUBLIC COMPANY**

(Sec. 18)

Dissolution of GIO Board

1. (1) On the conversion, the GIO Board is dissolved.
- (2) A person holding office as a director of the GIO Board immediately before its dissolution:
 - (a) ceases to hold that office; and
 - (b) except as provided by subclause (3), is not entitled to any remuneration or compensation because of the loss of that office.
- (3) Part 8 of the Public Sector Management Act 1988 applies to a person who so ceases to hold office as a director of the GIO Board, without immediately being appointed to the service of GIO or a GIO subsidiary, in the same way as it applies to a person removed from office under that Part.

Application of certain provisions of Corporations Law

2. (1) While the State of New South Wales continues to hold all the shares in GIO (being the shares issued to the State under Part 2), sections 186 and 461 (d) of the Corporations Law do not apply in relation to GIO, and section 249 (7) of the Corporations Law applies in relation to GIO as if:
 - (a) the State of New South Wales were a holding company (within the meaning of section 249 (7) of the Corporations Law) of GIO; and
 - (b) the Minister were a representative of the State authorised under section 249 (3) of the Corporations Law.
- (2) Sections 139 (2) and (3) and 151 (5) of the Corporations Law do not apply in relation to GIO.
- (3) For the purposes of section 409 of the Corporations Law, GIO is taken to be subject to the law of the Commonwealth relating to life insurance.
- (4) For the purposes of Division 2 of Part 5.6 of the Corporations Law (Contributories on winding up):
 - (a) the State of New South Wales is not (in relation to any period before the conversion) a past member of GIO; and
 - (b) a person is not a past member of GIO merely because he or she was a member of the GIO Board, or acted as a member of the GIO Board, before the conversion.
- (5) For the purposes of the Corporations Law, accounts and records kept under Part 3 of the Public Finance and Audit Act 1983 are, after the conversion, taken to be accounting records kept by GIO under a provision of a previous law of the State of New South Wales, being a provision corresponding to section 289 of the Corporations Law.
- (6) For the purposes of the Corporations Law, a report and financial statements that were prepared under Part 3 of the Public Finance and Audit Act 1983 (or under section

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SCHEDULE 1—SAVINGS AND TRANSITIONAL PROVISIONS RELATING TO
CONVERSION OF GIO INTO A PUBLIC COMPANY—*continued*

11 of the GIO Act) in relation to a period and furnished to a Minister on a particular day are, after the conversion, taken to be a profit and loss account of GIO that was:

- (a) made out in relation to that period; and
- (b) laid before the body at an annual general meeting of the body held on that day.

Audit

3. (1) As from the conversion, the functions of the Auditor-General under the Public Finance and Audit Act 1983 are no longer exercisable with respect to GIO, except in respect of whole financial years before the conversion.

(2) GIO is not required to prepare accounts as at the date of conversion if the conversion occurs during a financial year.

Saving of GIO tax-equivalent contribution payable to Treasurer

4. (1) The repeal of section 10A of the GIO Act does not affect any liability under that section in respect of any period before the conversion.

(2) The regulations may make provision for or with respect to the payment of any amount of that liability, including the time at which any such amount is payable and the filing of returns by GIO relating to the payment of any such amount.

(3) The regulations may also make provision for or with respect to the application of the provisions of section 10A of the GIO Act (with or without modifications) to GIO or any GIO subsidiary during any part of the period to which Part 7 applies when GIO or the GIO subsidiary is not liable to pay income tax.

Superannuation under State schemes

5. (1) This clause applies to a member of the staff of GIO who is, immediately before the conversion, a contributor to the State Superannuation Fund or the State Authorities Superannuation Fund.

(2) Contributors to whom this clause applies cease to be contributors on the conversion. They are taken to have elected on the conversion to preserve their superannuation benefits in accordance with the relevant statutory provisions.

(3) This clause does not affect the provisions of any other Act or regulations relating to the rights of contributors.

SCHEDULE 2—CONSEQUENTIAL AMENDMENT OF OTHER ACTS

(Sec. 19)

Corporations (New South Wales) Act 1990 No. 83

Section 66 (Conferral of functions and powers on Commission):

After section 66 (2), insert:

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SCHEDULE 2—CONSEQUENTIAL AMENDMENT OF OTHER ACTS—
continued

(3) The Commission also has the functions and powers conferred or expressed to be conferred on it under the Government Insurance Office (Privatisation) Act 1991.

Freedom of Information Act 1989 No. 5

Schedule 2 (Exempt bodies and Offices):

Omit the matter relating to the Government Insurance Office, insert instead:

GIO Australia Holdings Limited and any of its subsidiaries—all functions.

Independent Commission Against Corruption Act 1988 No. 35

Section 23 (Power to enter public premises):

Omit section 23 (2).

Insurance (Application of Laws) Act 1986 No. 13

Section 7 (Exclusion of GIO insurance funds administration business):

At the end of the section insert:

(2) This section continues to have effect with respect to that insurance funds administration business even though it is transferred to another person or body under the Government Insurance Office (Privatisation) Act 1991.

Public Finance and Audit Act 1983 No. 152

Schedule 2 (Statutory bodies):

Omit "Government Insurance Office of New South Wales".

State Authorities Superannuation Act 1987 No. 211

Schedule 1 (Employers):

From Part 1, omit the matter relating to the Government Insurance Office of New South Wales.

Superannuation Act 1916 No. 28

Schedule 3 (List of employers):

From Part 1, omit "The Government Insurance Office of New South Wales".

GIO (PRIVATISATION) BILL 1991.

MR PRESIDENT,

THE PURPOSE OF THIS BILL IS TO PROVIDE FOR THE PRIVATISATION OF THE GOVERNMENT INSURANCE OFFICE.

THE GOVERNMENT IS PROUD TO BE INTRODUCING THIS BILL WHICH WILL ENABLE THE GIO TO CONTINUE TO OPERATE AS A STRONG AND COMPETITIVE NATIONAL INSURER INTO THE TWENTY FIRST CENTURY. IT IS ALSO EVIDENCE OF THE SIGNIFICANT PROGRESS BEING MADE IN THE GOVERNMENT'S PROGRAM OF MICRO-ECONOMIC REFORM. IT IS AN INTEGRAL PART OF OUR BUDGET STRATEGY TO CONTAIN DEBT AND PRESERVE SCARCE FUNDS FOR ESSENTIAL GOVERNMENT SERVICES.

MR PRESIDENT,

THE GOVERNMENT INSURANCE OFFICE WAS ORIGINALLY ESTABLISHED IN 1926 TO UNDERTAKE WORKER'S COMPENSATION INSURANCE FOLLOWING ON THE PASSING OF THE WORKER'S COMPENSATION ACT WHICH

INTRODUCED COMPULSORY WORKERS COMPENSATION INSURANCE. THE PRIVATE INSURANCE COMPANIES AT FIRST DECLINED TO UNDERTAKE THIS BUSINESS AND IT WAS TO MEET THIS DEMAND THAT THE GOVERNMENT OF THE DAY ESTABLISHED THE GOVERNMENT INSURANCE OFFICE.

THE ACT HAS BEEN AMENDED MANY TIMES SINCE THEN AND THE SCOPE OF THE OFFICE'S ACTIVITIES HAS BEEN PROGRESSIVELY WIDENED. IN 1942 THE ACT WAS AMENDED TO INCORPORATE THE GIO AND ENABLE IT TO ENTER INTO FULL COMPETITION WITH PRIVATE COMPANIES IN ALL PHASES OF INSURANCE BUSINESS, INCLUDING LIFE INSURANCE.

THE GIO HAS FOR SOME TIME NOW OPERATED COMPETITIVELY IN THE MARKET PLACE ALONGSIDE PRIVATE INSURANCE COMPANIES CARRYING ON SIMILAR BUSINESS. THE DEREGULATED FINANCIAL ENVIRONMENT OF THE 1980'S LED TO FURTHER AMENDMENTS TO THE GIO ACT WHICH ATTEMPTED TO GIVE THE GIO GREATER FLEXIBILITY IN ITS OPERATIONS ALTHOUGH RETAINING ITS TRADITIONAL STATUTORY CORPORATION STRUCTURE. BY

THAT TIME IT WAS BECOMING CLEAR THAT CHANGES WERE NECESSARY IF THE GIO WAS TO BE ABLE TO COMPETE IN AN INCREASINGLY AGGRESSIVE AND DYNAMIC MARKET.

THE GIO HAS, IN THE 1990s, LONG OUTGROWN ITS ORIGINAL CHARTER. IF IT IS TO CONTINUE TO REMAIN COMPETITIVE IN THE MARKET PLACE IT NEEDS TO EXPAND ITS BUSINESS BOTH INTERSTATE AND OVERSEAS AND IT NEEDS TO BE ABLE TO COMPETE FOR FUNDS IN THE CAPITAL MARKETS LIKE ANY OTHER INSURANCE COMPANY. WHILST SOME OF THE AREAS INTO WHICH THE GIO IS EXPANDING, SUCH AS HOME FINANCE, MAY BE DESIRABLE FOR THE GIO'S COMMERCIAL VIABILITY, OTHERS, SUCH AS INTERNATIONAL REINSURANCE AND CAPITAL GUARANTEED INVESTMENT PRODUCTS INVOLVE COMMERCIAL RISKS WHICH OUGHT NOT BE UNDERWRITTEN BY THE NEW SOUTH WALES TAXPAYER. THERE IS NO LONGER ANY JUSTIFICATION WHATSOEVER FOR RETAINING THE GIO IN STATE OWNERSHIP INDEED, THERE ARE VERY PERSUASIVE REASONS WHY IT OUGHT NOT CONTINUE TO BE OWNED BY THE GOVERNMENT.

THE GOVERNMENT'S PRIORITIES ARE NOT FUNDING THE

EXPANSION OF THE GIO INTERSTATE OR OVERSEAS. RATHER THE GOVERNMENT'S FUNDING PRIORITIES ARE PROVIDING BETTER SERVICES IN AREAS SUCH AS HEALTH, EDUCATION AND LAW AND ORDER TO THE PEOPLE OF NEW SOUTH WALES. THIS FUNDAMENTAL PROBLEM CANNOT BE OVERCOME, WHILE EVER THE GIO REMAINS IN GOVERNMENT OWNERSHIP.

THE OPTION DOES NOT EXIST FOR A PARTIAL SALE OF THE GIO TO RAISE NECESSARY CAPITAL. SUCH A SALE WOULD RESULT IN LOSS OF 100% OF INCOME TAX BENEFITS TO THE GOVERNMENT, BUT WOULD EFFECTIVELY RETAIN ALL POTENTIAL RISK FOR THE GOVERNMENT.

SECONDLY, THERE WILL BE SIGNIFICANT BENEFITS TO TAXPAYERS FROM A SALE OF THE GIO. THE FUNDS FROM THE SALE WILL BE ABLE TO BE USED TO RETIRE EXISTING PUBLIC SECTOR DEBT. THIS WILL REDUCE THE GOVERNMENT'S INTEREST BILL AND INCREASE THE AMOUNTS AVAILABLE FOR SPENDING ON HIGHER PRIORITY SOCIAL PURPOSES WITHOUT THE NEED TO RESORT TO INCREASED TAXES. IN THE CURRENT VERY

DIFFICULT ECONOMIC CLIMATE REDUCTION OF PUBLIC SECTOR DEBT MUST REMAIN A HIGH PRIORITY FOR ANY RESPONSIBLE GOVERNMENT. TREASURY ESTIMATES THE NET POSITIVE EFFECT OF THE SALE AS BEING \$100 MILLION PER ANNUM FOR AT LEAST THE NEXT TWO YEARS.

THIRDLY, THE SALE OF THE GIO WILL BENEFIT THE COMMUNITY AND TAXPAYERS THROUGH REDUCED FINANCIAL RISK. WHEN GOVERNMENTS HAVE WHOLLY OWNED BUSINESS ENTERPRISES IN PRACTICAL TERMS THEIR LIABILITY IS UNLIMITED. THE INVOLVEMENT OF VICTORIAN, SOUTH AUSTRALIAN AND WESTERN AUSTRALIAN GOVERNMENTS IN COMMERCIAL FINANCIAL INSTITUTIONS CLEARLY DEMONSTRATES THE TRUTH OF THIS STATEMENT, WHERE BILLIONS OF TAXPAYERS MONEY WAS LOST FOR ALL TIME.

THE SALE OF THE GIO AND THE USE OF THE PROCEEDS OF SALE TO RETIRE DEBT NOT ONLY CREATES A GREATER CASH BENEFIT FOR THE PEOPLE OF NSW, BUT ALSO SUBSTANTIALLY REDUCES THEIR FINANCIAL RISK.

MR PRESIDENT,
THE PRIVATISATION OF THE GIO IS AN IMPORTANT
FINANCIAL INITIATIVE OF THE GOVERNMENT AND IS A
VITAL PART OF THE BUDGET STRATEGY.

A TASK FORCE UNDER THE CHAIRMANSHIP OF MY
COLLEAGUE, THE HONOURABLE MEMBER FOR THE UPPER
HUNTER, HAS BEEN ACTIVELY WORKING TO PREPARE THE
GIO FOR A PUBLIC FLOAT. THE GOVERNMENT HAS SAID
FROM THE OUTSET THAT THE FLOAT OUGHT ONLY
PROCEED IF IT CAN BE ESTABLISHED THAT THE SALE WILL
BE IN THE BEST FINANCIAL INTERESTS OF THE STATE.

AN IMPORTANT CONSIDERATION IS WHETHER SALE WILL
ACHIEVE IN EXCESS OF RETENTION VALUE.

A KEY ISSUE IN ACHIEVING AN ADEQUATE SALE VALUE IN
EXCESS OF RETENTION VALUE IS WHETHER THE
COMMONWEALTH WILL PROVIDE AN ADEQUATE LEVEL OF
TAX COMPENSATION. A SUBMISSION HAS BEEN PROVIDED
TO THE COMMONWEALTH TREASURER ON THIS MATTER.
IT IS FAIR TO SAY THAT MR. KERIN AND HIS PREDECESSOR
AND THE COMMONWEALTH TREASURY ITSELF HAVE ALL

BEEN SUPPORTIVE IN THIS PROCESS.

AS I PREVIOUSLY MENTIONED, IN ASSESSING THE DESIRABILITY OF SALE IT IS ALSO NECESSARY TO TAKE ACCOUNT OF WHAT THE POSITION WOULD BE IF THE GIO WERE RETAINED IN PUBLIC OWNERSHIP AND DEPRIVED OF ADEQUATE MARKET FUNDS. REGARD MUST ALSO BE HAD TO THE SIGNIFICANT REDUCTION IN FINANCIAL RISK THAT FLOWS FROM SALE.

THE GOVERNMENT HAS RETAINED EXPERT FINANCIAL, ACCOUNTING, TAX AND ACTUARIAL ADVISERS TO ENSURE THAT THE FINANCIAL INTERESTS OF THE STATE ARE PROPERLY PROTECTED. THESE ADVISERS ARE QUITE SEPARATE AND INDEPENDENT OF THE GIO AND HAVE NO CONFLICT OF INTEREST IN PROVIDING THEIR ADVICE.

CURRENT INFORMATION AND ADVICE CLEARLY SUPPORTS THE VIEW THAT THE FLOAT OUGHT TO PROCEED.

MR PRESIDENT,

THE GOVERNMENT HAS ALSO MADE CLEAR THAT THE GIO

WILL BE SOLD BY WAY OF A PUBLIC FLOAT AND THE LEGISLATION ITSELF PROVIDES FOR THIS. IF, IN THE EVENT THAT A PUBLIC FLOAT PROVES TO BE NOT POSSIBLE OR FINANCIALLY ATTRACTIVE, WE WILL GIVE FULL CONSIDERATION TO ALL ALTERNATIVES. IF IT IS CONCLUDED THAT SALE BY A MEANS OTHER THAN A PUBLIC FLOAT IS FINANCIALLY AND STRATEGICALLY ATTRACTIVE, WE WILL THEN SEEK THE APPROVAL OF PARLIAMENT TO PROCEED IN THIS WAY.

I MUST STRESS AGAIN THAT THE GOVERNMENT IS COMMITTED TO A PUBLIC FLOAT AND THAT ANY ALTERNATIVE APPROACH WOULD REQUIRE THE APPROVAL OF PARLIAMENT. OBVIOUSLY, WE HOPE THAT THE ORDINARY MEN AND WOMEN OF NEW SOUTH WALES, PEOPLE WHO HAVE POLICIES WITH THE GIO, WILL CHOOSE TO INVEST.

WE HAVE ALSO GIVEN CLOSE CONSIDERATION TO THE ISSUE OF RESTRICTIONS ON SHAREHOLDING. THERE IS A NEED TO BALANCE THE COMPETING NEEDS OF ESTABLISHING THE PRIVATISED GIO AS AN INDEPENDENT FORCE IN THE INSURANCE SECTOR, WHILE AT THE SAME

TIME PROVIDING ADEQUATE MARKET INCENTIVES TO ENCOURAGE STRONG PERFORMANCE.

IT WOULD NOT BE IN ANYONE'S INTERESTS TO COMPLETELY OR SUBSTANTIALLY INSULATE THE GIO FROM MARKET FORCES IN RESPECT TO OWNERSHIP AND MANAGEMENT TAKEOVER. SUCH PRESSURES ENCOURAGE GOOD PERFORMANCE AND ARE ESSENTIAL IF THE GIO IS TO REACH ITS FULL POTENTIAL. THE BILL CONTAINS PROVISIONS WHICH LIMIT THE MAXIMUM NUMBER OF SHARES WHICH CAN BE ALLOTTED TO ANY ONE PERSON OR INSTITUTION ON THE FLOAT TO TEN PERCENT.

ONGOING RESTRICTIONS HAVE NOT BEEN INCLUDED FOR TWO REASONS. FIRSTLY, IT WOULD BE IMPOSSIBLE TO POLICE SUCH RESTRICTIONS AND SECONDLY, THE COMMONWEALTH INSURANCE ACQUISITIONS AND TAKEOVERS LEGISLATION WILL ENSURE THAT TRANSACTIONS WHICH AFFECT THE CONTROL OF AUSTRALIAN INSURANCE COMPANIES AND THEIR ASSETS

WILL BE PROPERLY REGULATED. THAT LEGISLATION WILL GIVE THE COMMONWEALTH TREASURER POWER TO PROHIBIT VARIOUS TRANSACTIONS WHICH AFFECT CONTROL OF INSURANCE COMPANIES. THE LEGISLATION LARGELY FOLLOWS THE FOREIGN ACQUISITIONS AND TAKEOVERS LEGISLATION. BASICALLY, THE REQUIREMENTS ARE TRIGGERED WHENEVER SHARE ACQUISITIONS WHICH WOULD TAKE A PERSON'S SHAREHOLDING ABOVE 15% ARE CONTEMPLATED.

THIS LEGISLATION IS CURRENTLY BEFORE THE SENATE AND IS EXPECTED TO BECOME LAW DURING NOVEMBER, 1991. IT WOULD CLEARLY BE RIDICULOUS FOR THE STATE GOVERNMENT TO ATTEMPT TO DUPLICATE THIS AUSTRALIA-WIDE REGULATION OF THE INSURANCE INDUSTRY.

IT MUST BE STRESSED THAT WHILE WE STRONGLY SUPPORT THE RESTRICTIONS IN THE LEGISLATION IN RESPECT TO SALE BY PUBLIC FLOAT AND THE LIMITATIONS ON SHAREHOLDING, THESE RESTRICTIONS DO HAVE A DETRIMENTAL IMPACT ON PRICE.

ANY FURTHER RESTRICTIONS WOULD FURTHER DEPRESS THE PRICE OF THE GIO AND HENCE MEAN FEWER FUNDS AVAILABLE FOR SOCIAL PRIORITIES.

MR PRESIDENT,

THE BILL WILL ALSO ENABLE THE GIO TO BE RESTRUCTURED WITHIN A PUBLIC COMPANY FRAMEWORK. THE PROVISIONS OF THE BILL ALLOW FLEXIBILITY SO THAT THE OPTIMAL STRUCTURE FROM A COMMERCIAL POINT OF VIEW CAN BE ACHIEVED.

THE CURRENT STATUTORY AUTHORITY WILL BE CONVERTED INTO A PUBLIC COMPANY LIMITED BY SHARES. ALL THE SHARES IN THE NEW CORPORATE GIO WILL BE VESTED IN THE GOVERNMENT. THE CURRENT BUSINESS OF THE GIO WILL BE DIVIDED UP INTO A NUMBER OF OPERATING SUBSIDIARIES. THE MINISTER WILL HAVE THE POWER TO TRANSFER ASSETS FROM THE GIO INTO THE SUBSIDIARIES. THIS WILL ENSURE THAT THE NEW STRUCTURE CAN BE ARRANGED IN A MANNER WHICH WILL COMPLY WITH COMMONWEALTH LICENSING AND TAX REQUIREMENTS. THE GIO IN ITS NEW FORM WILL BE

SUBJECT TO THE PROVISIONS OF THE CORPORATIONS LAW. THE PROCESS PROVIDED FOR BY THE BILL IS SIMILAR TO THE MODEL RECENTLY ADOPTED FOR THE SUCCESSFUL COMMONWEALTH BANK FLOAT.

THE LEGISLATION ALSO PROVIDES THAT THE EXISTING GOVERNMENT GUARANTEE WILL CONTINUE FOR ALL INSURANCE POLICIES WRITTEN BEFORE THE SALE OF THE GIO EVEN THOUGH THE POLICY DOES NOT EXPIRE UNTIL AFTER THE SALE. THIS WILL MEAN THAT IN THE CASE OF ALL INSURANCE POLICIES THE GOVERNMENT GUARANTEE WILL CONTINUE FOR THE DURATION OF THE POLICY WHICH IN THE CASE OF LIFE POLICIES CAN BE FOR A VERY CONSIDERABLE PERIOD. INSURANCE POLICIES WRITTEN AFTER THE SALE OF THE GIO WILL NOT HAVE THE BENEFIT OF A GOVERNMENT GUARANTEE.

FROM THE DATE OF THE CONVERSION THE GIO ACT WILL BE REPEALED AND THE EXISTING BOARD WILL BE DISSOLVED.

THE BILL ALLOWS FOR DIFFERENTIAL PROCLAMATION SO THAT THE VARIOUS PROVISIONS CAN BE COMMENCED IN A

WAY WHICH WILL PRESENT THE MOST ATTRACTIVE PACKAGE TO POTENTIAL SHAREHOLDERS WHILE AT THE SAME TIME MAXIMISING ANY TAX ADVANTAGES WHICH MAY BE AVAILABLE.

THE BILL ALSO ALLOWS FOR CERTAIN PARTS OF THE BUSINESS UNDERTAKING TO BE EXCLUDED FROM THE SALE OF THE GIO. WHILST IT IS NOT CURRENTLY THE GOVERNMENT'S INTENTION TO EXCLUDE ANY PART OF THE BUSINESS FROM THE SALE, IT MAY BE NECESSARY TO LEAVE SOME ASSETS OR LIABILITIES BEHIND SO THAT THE BUSINESS BEING PROMOTED IN THE FLOAT IS WELL-BALANCED AND SALEABLE. IT MAY BE APPROPRIATE TO SELL THESE RESIDUAL ASSETS OUTSIDE THE FLOAT PROCESS.

THE BILL ALSO ALLOWS FOR THE APPLICATION OF CERTAIN PROVISIONS OF THE STATE OWNED CORPORATIONS ACT TO THE CONVERTED GIO WHILST IT REMAINS IN GOVERNMENT OWNERSHIP. THIS WILL ENSURE THAT THE GIO REMAINS PROPERLY ACCOUNTABLE DURING THE PREPARATION FOR SALE STAGE.

CURRENT STAFF OF THE GIO WILL BE TRANSFERRED TO THE CONVERTED GIO ON THE SAME TERMS AND CONDITIONS UNDER WHICH THEY WERE EMPLOYED PRIOR TO THE CONVERSION.

MR PRESIDENT,

IT IS ESSENTIAL, FOR THE LEGISLATION TO BE PASSED BEFORE PREPARATION FOR THE FLOAT PROCEEDS MUCH FURTHER. THE MARKET PLACE NEEDS TO KNOW, PARTICULARLY IN THE CURRENT POLITICAL AND ECONOMIC ENVIRONMENT, THAT THE PARLIAMENT HAS AUTHORISED THE PRIVATISATION. IF THE LEGISLATION IS NOT PASSED NOW THE RISK INHERENT IN PROCEEDING ON THE BASIS THAT IT WILL BE PASSED AT SOME FUTURE TIME MUST DISCOUNT THE PRICE WHICH COULD BE RECEIVED. ANY DELAY WILL INVOLVE SIGNIFICANT COSTS TO THE TAXPAYER. THIS IS CLEARLY UNDESIRABLE BOTH FROM THE POINT OF VIEW OF THE GOVERNMENT AND THE PEOPLE OF NEW SOUTH WALES.

MR PRESIDENT,

THERE HAS BEEN MUCH PUBLIC COMMENT OF LATE ON THE SALE OF THE GIO. NOW THAT THE LEGISLATION IS BEFORE THE HOUSE I TRUST THAT ALL MEMBERS WILL BEAR IN MIND THE POTENTIAL DAMAGE THAT CAN BE DONE BY ILL-INFORMED AND SPECULATIVE COMMENT.

THE GOVERNMENT'S FINANCIAL ADVISER, BANKERS TRUST AUSTRALIA, WHICH IS ONE OF AUSTRALIA'S LEADING INVESTMENT BANKS, AND ADVISED THE COMMONWEALTH GOVERNMENT ON THE SALE OF THE COMMONWEALTH BANK, HAS STRESSED THAT IT IS CRITICAL FOR THE FINANCIAL SUCCESS OF THE SALE THAT PUBLIC DEBATE AND CONTROVERSY BE KEPT TO THE ABSOLUTE MINIMUM.

I HAVE NOTED IN THE PRESS INDICATIONS THAT SOME MEMBERS MAY BE CONTEMPLATING PROPOSALS TO ESTABLISH A SELECT PARLIAMENTARY COMMITTEE TO INVESTIGATE THE SALE. I CANNOT CONCEIVE OF A PROPOSAL MORE LIKELY TO DAMAGE THE PROSPECTS OF SALE AND REDUCE THE FINANCIAL BENEFITS TO THE PEOPLE OF NEW SOUTH WALES.

SUCH AN INQUIRY WOULD ADVERSELY AFFECT THE PRICE BY CREATING UNCERTAINTY ABOUT THE POSITION OF THE GIO WHICH WILL ADVERSELY IMPACT ON THE DECISIONS OF POTENTIAL INVESTORS, CUSTOMERS AND STAFF. THE UNCERTAINTY AND DEBATE CREATED BY SUCH A PARLIAMENTARY COMMITTEE COULD VERY WELL LEAD TO A LOSS OF CUSTOMERS AND STAFF AND A REDUCED WILLINGNESS OF POTENTIAL INVESTORS TO COMMIT TO THE SALE OF THE GIO.

IN ADDITION, AND REINFORCING THE FINANCIAL DAMAGE, SUCH A PROCESS WOULD SIGNIFICANTLY DELAY SALE AND REDUCE ANY CAPACITY TO OPTIMISE THE TIMING OF THE SALE.

FINALLY, THE VERY ISSUES WHICH ANY PARLIAMENTARY REVIEW WOULD WISH TO CONCERN ITSELF WITH ARE MATTERS OF CLEAR COMMERCIAL CONFIDENTIALITY. THE GOVERNMENT CANNOT DISCLOSE RETENTION VALUE OF THE GIO IN A PUBLIC FORUM. THIS WOULD CLEARLY AFFECT ITS RESERVE PRICE. SUCH A DISCLOSURE WOULD BE COMMERCIAL MADNESS.

IN ADDITION, THE CORPORATIONS LAW CONTAINS WIDE PROHIBITIONS ON PROMOTING A PROPOSED FLOAT BEFORE A PROSPECTUS IS FORMALLY LODGED WITH THE AUSTRALIAN SECURITIES COMMISSION. THESE PROVISIONS WERE CLEARLY COMPLIED WITH IN THE COMMONWEALTH BANK FLOAT AND OUGHT ALSO BE COMPLIED WITH IN RELATION TO THE GIO. OPEN DEBATE IN A PARLIAMENTARY COMMITTEE MUST MAKE THIS WELL NIGH IMPOSSIBLE.

MR PRESIDENT,

BOTH THE BOARD AND THE MANAGEMENT OF THE GIO FULLY SUPPORT ITS PRIVATISATION. THE BOARD AND THE MANAGEMENT, LIKE THE GOVERNMENT, HAVE CONCLUDED THAT THERE ARE CONSIDERABLE CONSTRAINTS AND COMMERCIAL DIFFICULTIES ASSOCIATED WITH CONTINUED GOVERNMENT OWNERSHIP OF WHAT IS A SUCCESSFUL AND PROFITABLE COMMERCIAL ENTERPRISE ANXIOUS TO EXPAND ITS BUSINESS INTERSTATE AND OVERSEAS. THEY ARE WORKING CLOSELY WITH US IN PREPARING THE ORGANISATION FOR FLOAT.

I AM SURE THAT WITH THEIR CONTINUED ASSISTANCE AND CO-OPERATION AND THE MINIMUM OF PUBLIC CONTROVERSY THE PROCESS WILL CONTINUE SMOOTHLY AND SUCCESSFULLY.

MR PRESIDENT,

I WOULD LIKE TO CONCLUDE BY SAYING THAT THERE IS NOTHING IDEOLOGICAL IN THE GOVERNMENT'S DESIRE TO PRIVATISE THE GIO OR IN ITS APPROACH TO THE SALE PROCESS. IT IS SIMPLY A RATIONAL AND SENSIBLE WAY OF ENSURING THAT THE ORGANISATION CAN CONTINUE TO OPERATE PROFITABLY AND EXPAND ITS OPERATIONS WITHOUT PLACING DEMANDS ON THE TAXPAYERS OF NEW SOUTH WALES. AT THE SAME TIME WE ARE SEEKING TO ACHIEVE FINANCIAL BENEFITS FOR THE TAX PAYERS AND THE COMMUNITY IN GENERAL. RECENT EXPERIENCE IN OTHER STATES OUGHT TO HAVE MADE IT PERFECTLY APPARENT BY NOW THAT THERE IS NO JUSTIFICATION FOR GOVERNMENTS CONTINUING TO BE INVOLVED IN COMMERCIAL OPERATIONS WHICH SERVE NO SOCIAL PURPOSE.

MR PRESIDENT,

THIS SALE WILL REPRESENT THE FIRST COMPLETE FLOAT OF ANY PUBLIC TRADING ENTERPRISE IN AUSTRALIA. IT WILL BE THE FIRST REAL OPPORTUNITY FOR OWNERSHIP OF SUCH AN ENTERPRISE TO BE TRANSFERRED INTO THE HANDS OF THE PUBLIC. IT IS HOPED THAT THE FLOAT WILL RESULT IN MUCH BROADER SHARE OWNERSHIP WITH SHARES BEING TAKEN UP BY MANY ORDINARY PEOPLE, INCLUDING GIO POLICY HOLDERS AND STAFF, WHO HAVE NEVER PREVIOUSLY OWNED SHARES.

I COMMEND THE BILL TO THE HOUSE.

Government Insurance Office (Privatisation) Bill 1991

Amendments to be moved in Committee

1. Page 6, clause 9. Omit clause 9 (4) (a), insert instead:
 - (a) are to provide that the first directors of GIO after the conversion are to be appointed by the Minister, including the persons holding office as full-time directors of the GIO Board immediately before the conversion if those persons agree to their appointment; and
2. Page 6, clause 9. After clause 9 (4) (a), insert:
 - (b) are to provide for not more than 9 directors of GIO, one of whom is a staff-elected director; and
3. Page 6, clause 9. After clause 9 (4), insert:
 - (5) The proposed memorandum and articles of association are also to include provision to the effect that a shareholder (other than the State of New South Wales) may not have a relevant interest in GIO (within the meaning of section 31) that is more than 10%.
4. Page 12, clause 29. After clause 29 (1), insert:
 - (2) However, GIO is not to be sold unless the Auditor-General has certified in writing that he or she is satisfied that:
 - (a) the financial information on which the prospectus and other arrangements relating to the sale are to be based represent a true and fair statement of the financial position of GIO; and
 - (b) the total proceeds to the State of the sale (including any residual interests) is likely to exceed the financial value to the State of the retention of the State's ownership of GIO.
 - (3) The Auditor-General's certificate is to be tabled by the Minister in Parliament as soon as practicable after it is issued.
5. Page 12, clause 31. Omit clause 31 (1), insert instead:
 - (1) This section applies to the issue or disposal of shares in GIO during the period that the memorandum and articles of association of GIO contain provision to the

effect of section 9 (5).

6. Page 12, clause 31. From clause 31 (2) (b), omit "the shares in GIO of the State of New South Wales", insert instead "shares in GIO".
7. Page 20, Schedule 1. After clause 5, insert:

Interim redundancy arrangements

6. (1) This clause applies to a person who is a member of the staff of GIO immediately before the conversion, including a member of that staff who is transferred under this Act to the staff of a GIO subsidiary, to the Ministerial Corporation or to any other person.

(2) A person to whom this clause applies who is retrenched from the service of GIO, a GIO subsidiary, the Ministerial Corporation or that other person is (subject to this clause) entitled to the appropriate Public Service redundancy payments.

(3) The Public Service redundancy payments are the payments provided by the Government, in accordance with established employment policy, for public servants who are retrenched or who accept an offer of voluntary redundancy.

(4) This clause applies until other provision is duly made for the payments to be made to the persons concerned.

**GOVERNMENT INSURANCE OFFICE (PRIVATISATION)
ACT 1991 No. 38**

NEW SOUTH WALES



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Government Insurance Office (Privatisation) 1991

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Government Insurance Office (Privatisation) 1991

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**GOVERNMENT INSURANCE OFFICE (PRIVATISATION)
ACT 1991 No. 38**

NEW SOUTH WALES



Act No. 38, 1991

An Act to provide for the conversion of the Government Insurance Office into a public company and for its sale by a public float; and to repeal the Government Insurance Act 1927 and amend other Acts. [Assented to 22 November 1991]

The Legislature of New South Wales enacts:

PART 1—PRELIMINARY

Short title

1. This Act may be cited as the Government Insurance Office (Privatisation) Act 1991.

Commencement

2. (1) This Act commences on days to be appointed by proclamation.

(2) Part 3 is to commence on a day that is after the day appointed for the commencement of Part 2.

Object of Act

3. The object of this Act is to provide for the conversion of the Government Insurance Office into a public company and for its sale by a public float, and in particular:

- (a) to convert GIO from a statutory authority into a public company limited by shares and with the name "GIO Australia Holdings Limited"; and
- (b) to repeal the Government Insurance Act 1927 and to apply the Corporations Law to GIO after its conversion; and
- (c) to replace the State's existing equity in GIO by the issue of fully paid up shares to the State and the creation of a debt payable to the State by GIO after its conversion; and
- (d) to authorise the Minister to exclude from the sale of GIO any part of the business undertakings of GIO and of its subsidiaries, and to reorganise those business undertakings before the sale; and
- (e) to authorise the sale of GIO by a public float (comprising disposal of the shares issued to the State on the conversion and the initial issue of shares by GIO after its conversion to repay the specially created debt to the State) and to limit to 10% the maximum initial shareholding of any one purchaser.

Definitions

4. (1) In this Act:

"assets" means any legal or equitable estate or interest (whether present or future and whether vested or contingent) in real or personal property of any description (including money), and includes securities, choses in action and documents;

Government Insurance Office (Privatisation) 1991

"business undertaking" of GIO or of a GIO subsidiary means all the assets, rights and liabilities of GIO or the subsidiary;

"conversion" means the conversion of GIO into a public company on the commencement of Part 3;

"excluded undertaking" means any assets, rights or liabilities of GIO or a GIO subsidiary which the Minister has directed to be excluded under Part 5;

"GIO" means the body corporate that, immediately before the conversion, exists because of section 3 of the GIO Act under the name of the Government Insurance Office of New South Wales (that name being changed on conversion to GIO Australia Holdings Limited);

"GIO Act" means the Government Insurance Act 1927;

"GIO Board" means the Government Insurance Office of New South Wales Board established by section 3B of the GIO Act;

"GIO subsidiary" means a subsidiary of GIO within the meaning of the Corporations Law;

"instrument" means an instrument (other than this Act) which creates, modifies or extinguishes rights or liabilities (or would do so if lodged, filed or registered in accordance with any law), and includes any judgment, order and process of a court;

"liabilities" means all liabilities, debts and obligations (whether present or future and whether vested or contingent);

"Ministerial Corporation" means the NSW Insurance Ministerial Corporation constituted by Part 5;

"rights" means all rights, powers, privileges and immunities (whether present or future and whether vested or contingent);

"share" means a share in the share capital of a body corporate;

"the State of New South Wales" includes the Crown in right of New South Wales and the Government of New South Wales.

(2) In this Act:

- (a) a reference to a function includes a reference to a power, authority and duty; and
- (b) a reference to the exercise of a function includes, in the case of a duty, a reference to the performance of that duty.

(3) In this Act, a reference to the business undertaking of GIO or of a GIO subsidiary at any particular time does not include a reference to any part of that undertaking that has been excluded or transferred by this Act before that time.

**PART 2—CREATION OF CAPITAL STRUCTURE AND
OTHER STEPS PRIOR TO CONVERSION OF GIO INTO
PUBLIC COMPANY**

Share capital of GIO

5. (1) As from the commencement of this Part, GIO is to have a share capital.

(2) The nominal share capital is to be \$1,000,000,000. The amount of the issued share capital is to be equal to the amount that section 6 requires to be applied in paying up shares in GIO.

(3) The share capital is to be divided into shares of \$1 each.

(4) The share capital may be divided into classes of shares.

(5) Rights may be attached to shares included in a class of shares.

(6) Anything done under subsection (4) or (5) is to be done by the Minister by order in writing.

(7) This section has effect for the purposes of this Act despite anything to the contrary in section 7B (2) of the GIO Act.

(8) As from the conversion, this section has effect subject to the Corporations Law and to the memorandum and articles of association of GIO.

Issue of shares in GIO

6. (1) As soon as practicable after the commencement of this Part, GIO is required to apply the requisite amount of its capital in paying up, in full, shares in GIO.

(2) The requisite amount of capital is such amount as the Minister determines by order in writing. The Minister is required to consult with the GIO Board before making such an order.

(3) As soon as practicable after complying with subsection (1), GIO is required to issue the shares paid up under that subsection to the State of New South Wales.

(4) The issue of those shares discharges in full any obligation of GIO existing before the conversion to repay the capital of GIO to the State of New South Wales. The issue of those shares does not discharge the obligation of GIO to repay any debt created by section 7.

(5) The shares so issued are taken to have been issued for valuable consideration other than cash, being the discharge effected by subsection (4).

(6) The State of New South Wales is not a member of GIO at any time before the conversion merely because the State holds shares in GIO.

Creation of debt due to State by GIO

7. (1) The purpose of this section is to provide the means (apart from the sale of the shares in GIO issued to the State of New South Wales) by which the State is to receive the proceeds of the sale of GIO by a public float under this Act.

(2) On the conversion, GIO becomes liable to pay to the State of New South Wales such amount as the Minister may determine by order in writing before the conversion.

(3) Any such amount is payable at such time or times as the Minister determines by order in writing and may be recovered by the Minister on behalf of the State as a debt in any court of competent jurisdiction.

Retention by GIO of certain distributable reserves

8. (1) The Minister may, before the conversion, determine by order in writing the kinds and amounts of distributable reserves of GIO recorded at that time in its books of account which are to be retained and carried forward in those books of account after the conversion.

(2) The Minister is required to consult with the GIO Board before making such an order.

GIO to apply to be registered as a company etc.

9. (1) GIO must, before the conversion:

- (a) apply to the Australian Securities Commission under section 133 of the Corporations Law to be registered as a company limited by shares under Division 3 of Part 2.2 of the Corporations Law (Registering non-companies as companies); and
- (b) apply to that Commission under section 374 of the Corporations Law for the reservation of the name "GIO Australia Holdings Limited".

(2) GIO is required to lodge with the application for registration as a company:

- (a) proposed memorandum and articles of association of GIO; and
- (b) subject to any order in writing of the Minister, the other documents and information required by section 136 of the Corporations Law to accompany the application.

- (3) The proposed memorandum of association:
 - (a) is to specify that the State of New South Wales is to be the sole subscriber to the memorandum and is to take up the number of shares in the capital of GIO issued under section 6; and
 - (b) is to be signed by the Minister on behalf of the State of New South Wales.
- (4) The proposed articles of association:
 - (a) are to provide that the first directors of GIO after the conversion are to be appointed by the Minister; and
 - (b) are to be signed by the Minister on behalf of the State of New South Wales.
- (5) GIO is entitled to make the applications, and to lodge the documents, referred to in this section.
- (6) The name "GIO Australia Holdings Limited" is taken to have been reserved under section 374 of the Corporations Law immediately after the making of the application to reserve that name.

PART 3—CONVERSION OF GIO INTO PUBLIC COMPANY AND REPEAL OF GOVERNMENT INSURANCE ACT 1927

GIO taken to be registered under Corporations Law as public company

- 10. (1) On the commencement of this Part:
 - (a) the application referred to in section 9 for registration as a company is taken to have been granted; and
 - (b) GIO is taken to have been registered under section 137 of the Corporations Law:
 - (i) by the name "GIO Australia Holdings Limited"; and
 - (ii) as a public company, and as a company limited by shares, within the meaning of the Corporations Law; and
 - (c) the name "GIO Australia Holdings Limited" is taken to have been registered in respect of GIO under section 374 (5) of the Corporations Law.
- (2) The date of commencement of GIO's registration as a company under Division 3 of Part 2.2 of the Corporations Law is taken to be the date of commencement of this Part.
- (3) For the purposes of Division 3 of Part 2.2 of the Corporations Law, GIO is taken to have been, immediately before the commencement of this Part, and to be on that commencement, a corporation within the meaning of the Corporations Law.

New name of GIO

11. (1) On the conversion, GIO's name is, by force of this subsection, changed to "GIO Australia Holdings Limited".

(2) Section 382 (4) of the Corporations Law applies in relation to the change of name made by subsection (1) as if:

- (a) GIO were a company, within the meaning of the Corporations Law, when the change was made; and
- (b) the change was made under the Corporations Law.

(3) This section has effect despite anything in the Corporations Law, but nothing in this section prevents:

- (a) GIO from later changing its name under section 382 of the Corporations Law; or
- (b) the cancellation, under Part 4.2 of the Corporations Law, of the registration of a name.

(4) GIO or a GIO subsidiary is not entitled to use in connection with its business the name "Government Insurance Office" or any other name (apart from "GIO") which suggests that it is associated with the State of New South Wales. This subsection does not apply during any period to which Part 7 applies.

Memorandum and articles of GIO

12. (1) As from the conversion, the proposed memorandum and articles of association lodged under section 9:

- (a) are respectively the memorandum and articles of association of GIO; and
- (b) bind GIO and its members accordingly.

(2) As from the conversion, the Corporations Law applies in relation to GIO's memorandum and articles of association as if they had been registered as such under the Corporations Law.

Membership of GIO

13. (1) The State of New South Wales, as the holder of shares in GIO at the conversion, becomes (by force of this subsection) a member of GIO at the conversion.

(2) The State of New South Wales is, in relation to membership of GIO, entitled to the same rights, privileges and benefits, and is subject to the same duties, liabilities and obligations, as if it had become a member of GIO under its memorandum and articles of association.

Minister may act for State as shareholder

14. The Minister may act for or on behalf of the State of New South Wales in connection with:

- (a) the rights, privileges and benefits; and
- (b) the duties, liabilities and obligations,

of the State as the holder of shares in GIO which were issued to the State under Part 2.

Continuity of GIO and construction of references to GIO

15. (1) Without limiting any other provision of this Act or the Corporations Law, GIO Australia Holdings Limited is a continuation of, and the same legal entity as, GIO (as it existed before the conversion).

(2) After the conversion, a reference in any other Act or in any instrument made under any Act or in any other document of any kind to the Government Insurance Office is to be read as (or as including) a reference to GIO Australia Holdings Limited, unless it is required by this Act to be read as a reference to some other person because it relates to an excluded undertaking or an undertaking transferred to a GIO subsidiary company. This subsection is subject to the regulations under section 46 (2).

Government guarantee continued for existing or pre-sale policies etc.

16. (1) The payment of all money under a policy or contract which, immediately before the repeal of section 8 of the GIO Act, was guaranteed by the State under that section continues to be guaranteed by the State. The guarantee continues despite the repeal of that section and despite the fact that GIO's liabilities under the policy or contract have been transferred, whether by the operation of this Act or otherwise.

(2) In addition, the payment of all money under a policy or contract of a class approved from time to time by the Treasurer for the purposes of this section is guaranteed by the State. The policies or contracts that may be so approved are those issued or made:

- (a) by GIO or a GIO subsidiary at any time when the State of New South Wales holds shares in GIO (being shares issued under Part 2) or at any later time if before that time GIO or the GIO subsidiary offered to issue or make the policies or contracts; or
- (b) by the Ministerial Corporation or other person to whom the excluded undertaking to which the policies or contracts relate is transferred under this Act.

(3) Any liability arising from the guarantee under this section is to be met out of the Consolidated Fund, which is appropriated accordingly.

Repeal of GIO Act etc.

17. On the conversion, the following Acts and the regulations under those Acts are repealed:

GIO Act

Government Insurance (Amendment) Act 1978 No. 153

Government Insurance (Amendment) Act 1982 No. 56

Government Insurance (Amendment) Act 1985 No. 95

Savings and transitional provisions relating to conversion of GIO into public company

18. Schedule 1 has effect.

Consequential amendment of other Acts

19. The Acts specified in Schedule 2 are amended as set out in that Schedule.

PART 4—REORGANISATION OF GIO BUSINESS UNDERTAKING IN CONNECTION WITH CONVERSION AND SALE OF GIO**Minister may direct transfer of parts of GIO business undertaking to GIO subsidiary**

20. (1) The Minister may, by order in writing, direct that any part or parts of GIO's business undertaking be transferred to a GIO subsidiary or GIO subsidiaries specified in the order.

(2) Part 8 applies to an order under this section.

Minister may direct transfer of parts of business undertaking of GIO subsidiary to other subsidiaries or to GIO

21. (1) The Minister may, by order in writing, direct that any part or parts of the business undertaking of a GIO subsidiary (including anything transferred under this Part) be transferred to another GIO subsidiary specified in the order or to GIO.

(2) Part 8 applies to an order under this section.

Allocation of transferred assets to capital and reserves

22. (1) The Minister may, by order in writing, direct that any assets transferred to a GIO subsidiary or to GIO under this Part are to be

allocated to capital and reserves in such amounts and in accordance with such requirements as are specified in the order.

(2) Any shares issued in accordance with a direction under this Part are taken to have been issued in consideration of the vesting in the GIO subsidiary or GIO under this Part of the assets allocated to capital.

Time when transfers may be effected

23. (1) An order under this Part may be made before, on or after the conversion of GIO into a public company.

(2) After the conversion, any such order may not be made unless all the shares in GIO are held by the State of New South Wales (being the shares issued under Part 2). However, the order may be expressed to take effect after the State has ceased to hold all or any of those shares.

PART 5—EXCLUSION OF PARTS OF BUSINESS UNDERTAKING FROM GIO OR GIO SUBSIDIARY

Excluded undertakings

24. (1) The Minister may direct, by order in writing, that any assets, rights or liabilities that are part of the business undertaking of GIO or a GIO subsidiary be excluded from that business undertaking and transferred to the Ministerial Corporation or another person on behalf of the State of New South Wales.

(2) If an excluded undertaking includes money, the order may direct the payment of the money into the Consolidated Fund.

(3) An order under this section may define an excluded undertaking by reference to a business undertaking other than any part specified in the order.

(4) Part 8 applies to an order under this section.

Time when exclusion may be effected

25. (1) An order under this Part may be made before, on or after the conversion of GIO into a public company.

(2) After the conversion, any such order may not be made unless all the shares in GIO are held by the State of New South Wales (being the shares issued under Part 2). However, the order may be expressed to take effect after the State has ceased to hold all or any of those shares.

Ministerial Corporation etc. may sell excluded undertaking or retain it

26. (1) The Ministerial Corporation or any other person to whom any excluded undertaking is transferred may:

- (a) sell or otherwise dispose of the whole or any part of the excluded undertaking; or
- (b) retain the whole or any part of the excluded undertaking and conduct any business to which it relates.

(2) The Minister may, for the purposes of any such sale or other disposal, direct by order in writing that the excluded undertaking concerned be transferred to the body or person to whom it is being sold or otherwise disposed of.

(3) Part 8 applies to an order under this section.

GIO or subsidiary may act as agent etc. with respect to excluded undertaking

27. The Ministerial Corporation or any other person to whom any excluded undertaking is transferred under this Part may enter into an agreement or arrangement with GIO or a GIO subsidiary for the exercise by GIO or the GIO subsidiary (as an agent or otherwise) of such functions relating to the excluded undertaking as are specified in the agreement or arrangement.

Constitution, management and functions of NSW Insurance Ministerial Corporation

28. (1) There is constituted by this Act a corporation with the corporate name of NSW Insurance Ministerial Corporation.

(2) The affairs of the Ministerial Corporation are to be managed by the Minister.

(3) Any act, matter or thing done in the name of, or on behalf of, the Ministerial Corporation by the Minister, or with the authority of the Minister, is taken to have been done by the Ministerial Corporation.

(4) The Ministerial Corporation has the functions conferred or imposed on it by or under this or any other Act.

PART 6—SALE OF GIO BY PUBLIC FLOAT AFTER CONVERSION INTO PUBLIC COMPANY

Sale of GIO by public float

29. (1) The Minister may make arrangements for the sale of GIO by a public float, comprising the disposal of the shares issued to the State under Part 2 and the initial issue of shares by GIO after its conversion to repay the debt to the State created under Part 2.

(2) The arrangements may include underwriting agreements and the issue of a prospectus.

(3) This section does not require all the money paid for the initial issue of shares to be applied to the repayment of the debt to the State.

State may dispose of its shares

30. (1) The State of New South Wales may, subject to this Part, dispose of all or any of its shares in GIO.

(2) The Minister is authorised to enter into agreements for the transfer to any person of those shares. Without limitation, any such person may be a body corporate.

Maximum shareholding of 10% of shares offered in public float

31. (1) This section applies to the issue of shares by GIO under its first registered prospectus and the disposal by the State of New South Wales of its shares in GIO.

(2) A person must not (whether as principal or agent):

(a) apply to GIO (or to an agent or underwriter) for the issue of shares in GIO; or

(b) offer or agree to acquire the shares in GIO of the State of New South Wales,

if the issue or acquisition would have the result that the relevant interest of a person in GIO would be more than 10%.

Maximum penalty: 500 penalty units.

(3) The relevant interest of a person in GIO at a particular time is equal to the percentage of the total paid-up share capital of GIO in which the person holds an interest.

(4) A person is taken to have an interest in shares for the purposes of this section if the person has such an interest within the meaning of the Banks (Shareholdings) Act 1972 of the Commonwealth.

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(5) This section has effect subject to such exceptions or modifications (if any) as are prescribed by the regulations.

(6) It is a defence to a prosecution for an offence against this section if the defendant proves that the contravention was due to the defendant not being aware of a fact or occurrence the existence of which was necessary to constitute the offence.

(7) Proceedings for an offence against this section are to be dealt with by the Supreme Court in its summary jurisdiction.

(8) A contract, dealing or other transaction affecting shares in GIO is not unenforceable, voidable or void merely because the contract, dealing or other transaction was entered into in contravention of this section.

Proceeds of sale

32. (1) The proceeds of the sale of GIO must be paid into the Consolidated Fund.

(2) The proceeds of sale consist of any payment for the disposal of the shares of the State of New South Wales, any repayment of the debt to the State created under Part 2 and any proceeds of the sale of an excluded undertaking determined by the Minister.

(3) There may be deducted from the proceeds of sale before payment into the Consolidated Fund such amount as the Minister approves to meet the expenses reasonably incurred in connection with the sale (including expenses incurred in connection with the conversion of GIO into a public company).

Special trust account for proceeds of public float pending repayment of debt to State

33. (1) All money paid to GIO by an applicant for the issue of shares by GIO under its first registered prospectus must, until the repayment of the debt to the State created under Part 2, be held by GIO in a bank account kept by GIO solely for the purpose of depositing money paid by applicants for the issue of those shares.

(2) The terms of operation of the bank account are to be that GIO may not withdraw money from the account without the Minister's consent and that the Minister may without restriction withdraw money from the account to repay the debt.

(3) A bank with which any such money has been deposited does not have any duty to inquire into or see to the proper application of the money so long as the bank acts in good faith.

(4) This section does not authorise the withdrawal of money from the bank account before the issue of the shares for which the money was paid.

**PART 7—SPECIAL PROVISIONS APPLYING TO GIO
DURING PERIOD AFTER CONVERSION INTO PUBLIC
COMPANY AND PRIOR TO DISPOSAL OF STATE'S
MAJORITY SHAREHOLDING**

Application of Part during majority shareholding in GIO by State

34. This Part applies during any period after the conversion when a majority of the issued shares in GIO are held by the State of New South Wales—the shares held by the State being shares issued under Part 2.

Ministerial control

35. (1) The board of directors of GIO is, in the exercise of its functions, subject to the control and direction of the Minister.

(2) Neither the enactment of this section nor the exercise of the Minister's powers under this section constitutes the Minister as a director of GIO or a person who participates in the management of GIO.

(3) A director of GIO is not personally liable in any civil or criminal proceedings (including proceedings for a breach of any duty under the Corporations Law) for anything done or omitted for the purpose only of complying with a direction of the Minister under this section.

Status of GIO etc.

36. (1) GIO (and any GIO subsidiary to which any part of GIO's business undertaking is transferred under this Act) are agencies through which the State of New South Wales engages in State insurance, and for that purpose are public authorities of the State.

(2) However, GIO or any GIO subsidiary:

- (a) is not and does not represent the State of New South Wales except by express agreement with the Minister; and
- (b) is not exempt from any rate, tax, duty or other impost imposed by or under any law of the State of New South Wales merely because it is a company in which the State holds shares; and
- (c) cannot render the State of New South Wales liable for any debts, liabilities or obligations of GIO or any GIO subsidiary,

unless this Act or any other Act or law otherwise expressly provides.

(3) In this section, "State insurance" means State insurance as referred to in section 51 (xiv) of the Commonwealth Constitution.

Application of certain provisions of State Owned Corporations Act 1989 to GIO

37. The following provisions of the State Owned Corporations Act 1989 apply to GIO as if it were a State owned corporation (with or without any modification prescribed by the regulations):

- (a) such of the provisions of Part 4 (Accountability) as are prescribed by the regulations;
- (b) section 35 (Affirmative action);
- (c) section 36 (Application of other Acts);
- (d) any other provision prescribed by the regulations.

PART 8—VESTING OF UNDERTAKING ON TRANSFER ETC.**Application and interpretation**

38. (1) This Part applies to the following orders under this Act:

- (a) an order under Part 4 transferring a part of the business undertaking of GIO to a GIO subsidiary or transferring a part of the business undertaking of a GIO subsidiary to another GIO subsidiary or to GIO;
- (b) an order under Part 5 excluding a part of the business undertaking of GIO or a GIO subsidiary and transferring it to the Ministerial Corporation or other person on behalf of the State;
- (c) an order under Part 5 transferring any part of the excluded undertaking to a person acquiring it from the Ministerial Corporation or other person on behalf of the State.

(2) In this Part, the body or person from whom a part of a business undertaking is so transferred is called the **transferor** and the body or person to whom it is being so transferred is called the **transferee**.

Vesting of undertaking etc. in transferee

39. (1) When any part of a business undertaking is transferred by an order to which this Part applies, the following provisions have effect (subject to the order directing the transfer):

- (a) the assets of the transferor comprised in that part of the undertaking vest in the transferee by force of this section and without the need for any conveyance, transfer, assignment or assurance;
- (b) the rights and liabilities of the transferor comprised in that part of the undertaking become by force of this section the rights and liabilities of the transferee;

- (c) all proceedings relating to that part of the undertaking commenced before the transfer by or against the transferor and pending immediately before the transfer are taken to be proceedings pending by or against the transferee;
 - (d) anything done or omitted to be done in relation to that part of the undertaking before the transfer by, to or in respect of the transferor is (to the extent that it has any force or effect) taken to have been done or omitted to be done by, to or in respect of the transferee;
 - (e) a reference in any other Act, in any instrument made under any Act or in any document of any kind to the transferor is (to the extent that it relates to that part of the undertaking but subject to the regulations under section 46 (2)) to be read as, or as including, a reference to the transferee.
- (2) The operation of this section is not to be regarded:
- (a) as a breach of contract or confidence or otherwise as a civil wrong; or
 - (b) as a breach of any contractual provision prohibiting, restricting or regulating the assignment or transfer of assets, rights or liabilities; or
 - (c) as giving rise to any remedy by a party to an instrument, or as causing or permitting the termination of any instrument, because of a change in the beneficial or legal ownership of any asset, right or liability.
- (3) The operation of this section is not to be regarded as an event of default under any contract or other instrument.
- (4) No attornment to the transferee by a lessee from the transferor is required.
- (5) Any instrument executed only for:
- (a) a purpose ancillary to or consequential on the operation of this section; or
 - (b) the purpose of giving effect to this section,
- is not chargeable with stamp duty.

Transfer of staff

40. (1) This section applies when an order to which this Part applies includes the transfer of the employment of staff from the transferor to the transferee.

(2) Each member of the staff concerned becomes after the transfer a member of the staff of the transferee and continues (until other provision is duly made) to be employed in accordance with the awards, agreements

and determinations applying, immediately before the transfer, to members of the staff of the transferor.

(3) Neither the contract of employment nor the period of employment of each member of the staff concerned is taken to have been broken by the operation of this Act for the purposes of any law, award or agreement relating to the employment of that member of staff.

(4) Without limiting this section, this Act does not affect any accrued rights that the member of the staff concerned had immediately before the transfer in relation to any kind of leave.

(5) A member of the staff concerned is not entitled to receive any payment or other benefit merely because the member ceases to be an employee of the transferor.

Consideration etc. for vestings

41. An order to which this Part applies may specify the consideration on which the order is made and the value or values at which the assets, rights or liabilities are transferred.

PART 9—MISCELLANEOUS

Act binds Crown

42. This Act binds the Crown not only in right of New South Wales but also, so far as the legislative power of Parliament permits, the Crown in all its other capacities.

Non-disclosure of confidential information relating to GIO's customers

43. Information with respect to the affairs of an individual customer of GIO or of a GIO subsidiary is not to be disclosed to the Minister or any other person pursuant to any power conferred by this Act.

Exemption from tax for conversion documents etc.

44. (1) In this section:

“exempt matter” means:

- (a) the issue of shares in GIO under Part 2 and the disposal of those shares by the State; or
- (b) the application by GIO under this Act for registration as a company or for the reservation of its name; or
- (c) any other matter related to the conversion of GIO into a public company under this Act;

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“State tax” means application or registration fees, stamp duty or any other tax, duty, fee or charge imposed by any Act or law of the State.

(2) State tax is not payable in relation to:

- (a) an exempt matter; or
- (b) anything done because of, or for a purpose connected with or arising out of, an exempt matter.

(3) This section does not limit the operation of section 39 (5).

Certificate evidence

45. A certificate purporting to be signed by the Minister or a prescribed officer that:

- (a) an order specified or referred to in the certificate is an order made by the Minister under a specified provision of this Act; or
- (b) a specified class of policies or contracts have been approved by the Treasurer under section 16,

is admissible in evidence in any legal proceedings and is evidence of the matters certified.

Regulations

46. (1) The Governor may make regulations, not inconsistent with this Act, for or with respect to any matter that by this Act is required or permitted to be prescribed or that is necessary or convenient to be prescribed for carrying out or giving effect to this Act.

(2) In particular, the regulations may contain provisions of a savings or transitional nature consequent on the enactment of this Act (including the interpretation of references to GIO or the GIO Act).

(3) Any such savings or transitional provisions may, if the regulations so provide, take effect from the date of assent to this Act or a later date.

(4) To the extent to which any such savings or transitional provision takes effect on a date that is earlier than the date of its publication in the Gazette, the provision does not operate so as:

- (a) to affect, in a manner prejudicial to any person (other than the State, GIO, a GIO subsidiary or an authority of the State), the rights of that person existing before the date of its publication; or
 - (b) to impose liabilities on any person (other than the State, GIO, a GIO subsidiary or an authority of the State) in respect of anything done or omitted to be done before the date of its publication.
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**SCHEDULE 1—SAVINGS AND TRANSITIONAL PROVISIONS RELATING
TO CONVERSION OF GIO INTO A PUBLIC COMPANY**

(Sec. 18)

Dissolution of GIO Board

1. (1) On the conversion, the GIO Board is dissolved.
- (2) A person holding office as a director of the GIO Board immediately before its dissolution:
 - (a) ceases to hold that office; and
 - (b) except as provided by subclause (3), is not entitled to any remuneration or compensation because of the loss of that office.
- (3) Part 8 of the Public Sector Management Act 1988 applies to a person who so ceases to hold office as a director of the GIO Board, without immediately being appointed to the service of GIO or a GIO subsidiary, in the same way as it applies to a person removed from office under that Part.

Application of certain provisions of Corporations Law

2. (1) While the State of New South Wales continues to hold all the shares in GIO (being the shares issued to the State under Part 2), sections 186 and 461 (d) of the Corporations Law do not apply in relation to GIO, and section 249 (7) of the Corporations Law applies in relation to GIO as if:
 - (a) the State of New South Wales were a holding company (within the meaning of section 249 (7) of the Corporations Law) of GIO; and
 - (b) the Minister were a representative of the State authorised under section 249 (3) of the Corporations Law.
- (2) Sections 139 (2) and (3) and 151 (5) of the Corporations Law do not apply in relation to GIO.
- (3) For the purposes of section 409 of the Corporations Law, GIO is taken to be subject to the law of the Commonwealth relating to life insurance.
- (4) For the purposes of Division 2 of Part 5.6 of the Corporations Law (Contributories on winding up):
 - (a) the State of New South Wales is not (in relation to any period before the conversion) a past member of GIO; and
 - (b) a person is not a past member of GIO merely because he or she was a member of the GIO Board, or acted as a member of the GIO Board, before the conversion.
- (5) For the purposes of the Corporations Law, accounts and records kept under Part 3 of the Public Finance and Audit Act 1983 are, after the conversion, taken to be accounting records kept by GIO under a provision of a previous law of the State of New South Wales, being a provision corresponding to section 289 of the Corporations Law.
- (6) For the purposes of the Corporations Law, a report and financial statements that were prepared under Part 3 of the Public Finance and Audit Act 1983 (or under section

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**SCHEDULE 1—SAVINGS AND TRANSITIONAL PROVISIONS RELATING TO
CONVERSION OF GIO INTO A PUBLIC COMPANY—*continued***

11 of the GIO Act) in relation to a period and furnished to a Minister on a particular day are, after the conversion, taken to be a profit and loss account of GIO that was:

- (a) made out in relation to that period; and
- (b) laid before the body at an annual general meeting of the body held on that day.

Audit

3. (1) As from the conversion, the functions of the Auditor-General under the Public Finance and Audit Act 1983 are no longer exercisable with respect to GIO, except in respect of whole financial years before the conversion.

(2) GIO is not required to prepare accounts as at the date of conversion if the conversion occurs during a financial year.

Saving of GIO tax-equivalent contribution payable to Treasurer

4. (1) The repeal of section 10A of the GIO Act does not affect any liability under that section in respect of any period before the conversion.

(2) The regulations may make provision for or with respect to the payment of any amount of that liability, including the time at which any such amount is payable and the filing of returns by GIO relating to the payment of any such amount.

(3) The regulations may also make provision for or with respect to the application of the provisions of section 10A of the GIO Act (with or without modifications) to GIO or any GIO subsidiary during any part of the period to which Part 7 applies when GIO or the GIO subsidiary is not liable to pay income tax.

Superannuation under State schemes

5. (1) This clause applies to a member of the staff of GIO who is, immediately before the conversion, a contributor to the State Superannuation Fund or the State Authorities Superannuation Fund.

(2) Contributors to whom this clause applies cease to be contributors on the conversion. They are taken to have elected on the conversion to preserve their superannuation benefits in accordance with the relevant statutory provisions.

(3) This clause does not affect the provisions of any other Act or regulations relating to the rights of contributors.

SCHEDULE 2—CONSEQUENTIAL AMENDMENT OF OTHER ACTS

(Sec. 19)

Corporations (New South Wales) Act 1990 No. 83

Section 66 (Conferral of functions and powers on Commission):

After section 66 (2), insert:

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SCHEDULE 2—CONSEQUENTIAL AMENDMENT OF OTHER ACTS—
continued

(3) The Commission also has the functions and powers conferred or expressed to be conferred on it under the Government Insurance Office (Privatisation) Act 1991.

Freedom of Information Act 1989 No. 5

Schedule 2 (Exempt bodies and Offices):

Omit the matter relating to the Government Insurance Office, insert instead:

GIO Australia Holdings Limited and any of its subsidiaries—all functions.

Independent Commission Against Corruption Act 1988 No. 35

Section 23 (Power to enter public premises):

Omit section 23 (2).

Insurance (Application of Laws) Act 1986 No. 13

Section 7 (Exclusion of GIO insurance funds administration business):

At the end of the section insert:

(2) This section continues to have effect with respect to that insurance funds administration business even though it is transferred to another person or body under the Government Insurance Office (Privatisation) Act 1991.

Public Finance and Audit Act 1983 No. 152

Schedule 2 (Statutory bodies):

Omit "Government Insurance Office of New South Wales."

State Authorities Superannuation Act 1987 No. 211

Schedule 1 (Employers):

From Part 1, omit the matter relating to the Government Insurance Office of New South Wales.

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SCHEDULE 2—CONSEQUENTIAL AMENDMENT OF OTHER ACTS—
continued

Superannuation Act 1916 No. 28

Schedule 3 (List of employers):

From Part 1, omit "The Government Insurance Office of New South
Wales".

[Minister's second reading speech made in—
Legislative Assembly on 17 October 1991
Legislative Council on 15 November 1991]

GOVERNMENT INSURANCE OFFICE (PRIVATISATION)
ACT 1991 No. 38

Date of last reprint: not yet reprinted

Amendments not included in current print

Made by	Provisions affected
Government Insurance Office (Privatisation) Amendment Act 1992 No. 14	s. 42A
Financial Institutions (New South Wales) Act 1992 No. 46	s. 42A

AMENDMENTS ARE SHOWN IRRESPECTIVE OF WHETHER THEY ARE IN FORCE AT THE DATE OF ISSUE OF THIS SHEET. FOR FURTHER INFORMATION ABOUT THE EXACT STATUS OF LEGISLATION ETC. PLEASE CONSULT THE MONTHLY ACTS TABLES OR CONTACT THE LEGISLATION INFORMATION SERVICE AT THE PARLIAMENTARY COUNSEL'S OFFICE ON (02) 228 7139.

