



New South Wales

Totalizator Agency Board Privatisation Regulation 1998

under the

Totalizator Agency Board Privatisation Act 1997

His Excellency the Governor, with the advice of the Executive Council, has made the following Regulation under the *Totalizator Agency Board Privatisation Act 1997*.

M. R. Egan, M.L.C.

Treasurer

Explanatory note

Under section 32 of the *Totalizator Agency Board Privatisation Act 1997*, the sale of TAB Limited by public float will comprise the disposal of the TAB shares that are currently held by the State of NSW as sole shareholder. In so far as the sale of TAB shares to international corporate buyers is concerned, this is proposed to be effected by way of the sale of TAB shares to stockbrokers who will then on-sell the shares to the international buyers (ie a "purchase and resale" arrangement).

Section 58 of the Act currently provides that State tax (eg stamp duty) is not payable in relation to such matters as the issue of TAB shares to the State, the disposal of those shares by the State and the purchase of those shares from the State. The regulations may prescribe certain other matters that are exempt from State taxes. Accordingly, clause 5 of this Regulation provides that:

- (a) the transfer of TAB shares to stockbrokers and overseas buyers in accordance with the proposed purchase and resale arrangement will be exempt from any liability for State tax, and

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- (b) deposits into, and withdrawals from, bank accounts that are operated by or on behalf of the State in connection with the disposal of TAB shares held by the State will also be exempt from State tax.

Section 38 of the Act currently prohibits any person from having more than 5 % of the total of TAB shares when those shares are sold by public float. **Clause 4** of this Regulation provides that a stockbroker who purchases (or agrees to purchase) TAB shares in accordance with the proposed purchase and resale arrangement will be exempt from that prohibition.

This Regulation comprises or relates to matters of a machinery nature. This Regulation is made under the *Totalizator Agency Board Privatisation Act 1997*, including sections 36 (7) and 58 (1).

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1 Name of Regulation

This Regulation is the *Totalizator Agency Board Privatisation Regulation 1998*.

2 Definitions

In this Regulation:

approved means approved by the Treasurer.

purchase and resale arrangement means an arrangement comprising:

- (a) the purchase by an approved stockbroker of TAB shares held by the State. and
- (b) the resale of those TAB shares to an approved overseas buyer.

TAB shares means shares in TAB Limited.

the Act means the *Totalizator Agency Board Privatisation Act 1997*.

3 Notes

The explanatory note and table of contents do not form part of this Regulation.

4 Exemption from prohibited shareholding interest provisions: section 36 (7)

In accordance with section 36 (7) of the Act, if an approved stockbroker purchases (or agrees to purchase) TAB shares from the State in accordance with an approved purchase and resale arrangement the stockbroker's interest in the TAB shares is to be disregarded for the purposes of determining whether the stockbroker has a prohibited shareholding interest (as referred to in section 38 of the Act) in TAB Limited.

5 Exemptions from State taxes: section 58

For the purposes of paragraph (d) of the definition of *exempt matter* in section 58 (1) of the Act, the following are prescribed as matters that are exempt from State taxes:

- (a) the transfer of TAB shares in accordance with an approved purchase and resale arrangement,
- (b) deposits into, and withdrawals from, bank accounts that are operated by or on behalf of the State in connection with the disposal of TAB shares held by the State.