

OVERSEAS TAKEOVERS OF AUSTRALIAN COMPANIES

Joint Statement by the Prime Minister and the Treasurer

In a discussion we had with Mr. C. T. Looker, President of the Australian Associated Stock Exchanges, on 5 December last, we informed him of the view held by the Government that the shareholders of an Australian company should have a right to amend its Articles of Association for the purpose of ensuring that control of the company, exercised through the voting powers of the shareholders, remains in Australian hands. In effect, we considered that the directors and shareholders of Australian companies should be placed in a position from which they could, if necessary, protect the company from outside manoeuvres in the market or elsewhere to gain control of the company.

Mr. Looker undertook to discuss with members of the Associated Stock Exchanges the question of amending the provisions of the present listing requirements of the Australian Stock Exchanges under which a company is not admitted to the Stock Exchange unless the Company's Articles provide for equal voting rights for all shareholders of one class.

Mr. Looker has now informed us of the outcome of the discussions between himself and his colleagues.

They have put to us strongly their view that the most satisfactory form of protection for Australian companies against various undesirable types of take-over operations is to be sought by amending in certain respects those sections of the uniform Companies Acts which relate to the take-over codes. At the invitation of the Attorney-General they will themselves make detailed submissions on this matter to the Eggleston Committee which will advise the Standing Committee of Commonwealth and State Attorneys-General.

The Stock Exchanges will accede to the Government's request for the revision of the listing requirements to permit the quotation of shares of the one class having different voting rights. They would have preferred the postponement of this action until decisions had been taken on amendments of the uniform Companies Act but they appreciated that it could take considerable time to make the necessary legislative changes in Commonwealth and State laws.

In agreeing to this revision the Exchanges emphasised that such action must not impair the free transferability of shares. The question of who owns shares as distinct from the exercises of voting rights is not involved. They also feel that the revised listing requirements should ensure that an alteration to a Company's Articles to permit of qualified voting rights should be subject to approval being given by a simple majority in value of the shareholders of the company. The present approval of 75 per cent of the shareholders present and voting at a meeting does not, in their view, necessarily represent a majority decision of all shareholders. The Stock Exchanges will be making a submission along these lines to the Eggleston Committee.

The Government appreciates the approach of the Australian Associated Stock Exchanges to a problem which it feels is both urgent and important.