

1999

**THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**TERRITORY OWNED CORPORATIONS
(AMENDMENT) BILL 1999**

EXPLANATORY MEMORANDUM

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Outline

The primary objective of this Bill is to amend the *Territory Owned Corporations Act 1990* to specify the qualifications required for certain Directors of these Corporations and to amend their principle objectives.

Notes on Clauses

Clauses 1, 2 and 3 - these are formal clauses providing the short title of the Act, the commencement day and the definition of the Principal Act.

Clause 4 - inserts new definitions in section 3 of the Principal Act. Of note is the new definition of relevant body which specifies the organisations from which nominations for Directors must be sought.

Clause 5 - substitutes section 7 of the Principal Act with a new section which contains an expanded list of principal objectives of Corporations. Two new objectives are specified, one to require the corporation to exhibit a sense of social responsibility and the other to require the Corporation, where its activities affect the environment, to conduct its operations in accordance with the principles of ecologically sustainable development.

Clause 6 - substitutes section 12 of the Principal Act with new sections which describe a new process for selecting Directors of Corporations:

new section 12 - specifies that the Directors of a Corporation or subsidiary shall include:

- an employee, former employee or union official with a commitment to the protection and promotion of the interests of employees;
- a person with experience in and a commitment to consumer rights or social welfare; and
- in relation to ACTEW and Totalcare, and person with experience in and a commitment to environment protection.

new section 12A - preserves the amendments made to the Principal Act by the *Territory Owned Corporations (Amendment) Act 1999*.

new section 12B - where there is a vacancy in the office of a Director defined in section 12, requires the voting shareholders to request the relevant organisation to nominate three candidates for that office. The voting shareholders shall appoint a Director from the nominations except where the relevant organisation does not

provide nominations within 28 days or where the voting shareholders decide that none of the candidates is eligible to fill the vacancy.

new section 12C - provides that, if the voting shareholders do not wish to appoint a Director from the nominations, the voting shareholders shall make a statement in the Legislative Assembly setting out the reasons for their decision. If the Legislative Assembly does not disapprove the reasons set out in the statement, the voting shareholders may proceed to appoint a person who has not been nominated by the relevant organisation.

new section 12D - provides that, if a defined director is removed from office before the end of their term, then the voting shareholders shall inform the relevant organisation who nominated the person and make a statement in the Legislative Assembly setting out the reasons for the removal.

Clause 7 - makes a consequential amendment to section 20 of the Principal Act to take into account the broadened principal objectives of Corporations.

Clause 8 - inserts a new section 33A which provides that a Corporation shall exercise its employment power without patronage and favouritism.

Clause 9 - makes a consequential amendment to schedule 3 of the Principal Act.

Clause 10 - omits clause 2 in schedule 4 of the Principal Act which describes the principal objectives of the ACTEW Corporation, as these are now included in the new section 7.