

# House of Representatives

# Supplementary Order Paper

**Tuesday, 22 November 2022**

## **Water Services Entities Bill**

### *Proposed amendments*

Hon Eugenie Sage, in Committee, to move the following amendments:

#### *Clause 164A*

In *clause 164A(2)*, definition of **major transaction** (page 90, lines 16 to 26), replace “more than half” with “more than 25% of” in each place.

#### *Schedule 4*

In *Schedule 4*, replace *clause 2* (page 156, lines 4 to 10) with:

- 2 Water services entity must refer proposal to regional representative group**
- (1) Only the water services entity may make a divestment proposal.
  - (2) The water services entity must forward any proposal made under **subclause (1)** to the regional representative group.

### **Explanatory note**

Clause 164A (Major transactions) requires the regional representative group of each entity to authorise major transactions affecting the entity’s assets. The bill defines major transaction as high value transactions affecting more than 50% of any entity’s asset value. It includes transactions to acquire more assets, dispose of entity assets, or incur obligations over them. This Supplementary Order Paper reduces the asset value threshold that triggers the requirement for a decision to be supported by 75% or more of the members of the regional representative group to 25% of asset value. This would strengthen the protection of entity assets against disposal or significant debt liabilities by ensuring that regional representatives scrutinise significant transactions to help ensure that they are appropriate and in the best interests of the entity and the

provisions of water services. Section 164A is based on similar requirements in company law.

The Supplementary Order Paper also ensures that any proposals for divestment would have to come from the entity itself on its initiative; rather than an external party or private company.