

# **Takeovers Panel**

## **HALF YEAR REPORT**

For the period ended 31 December 2013

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## STATUS

The financial statements in this report have not been reviewed or audited by the Panel's auditors, Audit New Zealand.

### **STATEMENT OF RESPONSIBILITY**

These financial statements have been prepared for the special purpose of the 2013/2014 Half Year Report of the Takeovers Panel to the Minister of Commerce. They are not prepared for any other purpose and should not be relied upon for any other purpose. They should be read in conjunction with the 2013 Annual Report.

In the course of preparing these financial statements the Panel has complied with NZ IAS 34 "Interim Financial Reporting".

The budget of the Takeovers Panel for the year ending 30 June 2014 is included in these statements. The Panel has complied with FRS-42 / NZ IAS 1 on the basis that the budget constitutes prospective financial information for the purpose of that standard.

## SUMMARY OF PERFORMANCE TO DATE

Under the Panel's 2013/2014 – 2016 Statement of Intent, the Panel is required, in the period up to 30 June 2014 to produce services relating to the following outputs:

Output 1	Takeovers Code;
Output 2	Code approvals;
Output 3	Code exemptions;
Output 4	Enforcement of the Code;
Output 5	Promote public understanding about takeovers law;
Output 6	Schemes of arrangement.

### Overview of the Panel's outputs for the first six months of the year

Members and the executive staff committed 6,784 hours of time to Panel work in the six months, as compared with 6,055 in the equivalent period last year. The additional hours worked this year reflect more work undertaken by Members on Public Understanding and enforcement (although no section 32 meetings were required). The difference also reflects the fact that last year saw a gap of approximately three months for a staff position to be filled.

The Panel's work related to the agreed outputs as follows:

- (a) Output 1: The Panel's main focus for policy work at this time relates to new proposals for disclosure of equity derivative positions in the new substantial holders regime under the Financial Markets Conduct Act and in the Code for takeovers. The Panel also considered whether it should grant a class exemption for the offering of scrip consideration for a takeover offer. It decided against this course, but will publish guidance about a more efficient policy that it will apply to exemption applications for scrip offers. The Panel also assisted MBIE officials with the preparation of a consultation paper regarding increasing the fees chargeable by the Panel under the Takeovers (Fees) Regulations 2001 (the Panel understands this has now been put on hold).
- (b) Outputs 2 and 3: The Panel processed 10 requests for approval of independent advisers during the six months (16). The Panel also processed 2 specific and 1 class exemption application for the six months (4 and 2).
- (c) Output 4: The Panel received 8 transaction documents (i.e. for takeovers and shareholder meetings) (8). The Panel undertook no new formal investigations into possible breaches of the Code during the six months (0), however 4 preliminary investigations were undertaken into possible breaches of the Code (5). There were no section 32 meetings held during the six months (0).
- (d) Output 5: This has been the area of service where the Panel has focused much of its non-transactional resource this year. The Panel has been working on improving both the accessibility of its public information (through a refresh of its website) and the focus of its information. The Panel has published easy to read guidance information for investors about their rights under the

Code. It has also prepared for publication a guide for directors about their duties under the Code. The Panel published one issue of its periodic news bulletin, Code Word, in November 2013 (2).

- (e) Output 6: There were no actions taken in relation to schemes of arrangement in the six months (0).

Of the outputs listed above, output 5 involved the greatest resource commitment of 37% by cost (output 1, 37%).

### **The Panel's financial position and outlook**

The Panel's operating expenditure for the six months, at \$827,666 was \$3,302, or less than 1%, lower than budget while operating income, at \$842,393, was \$59,097 or 7%, lower than budget. The Panel also earned interest income of \$15,599 on litigation fund deposits and incurred no litigation fund expense. The overall result for the Panel was made up of an operating surplus of \$14,727 for the six months and a surplus on the litigation fund of \$15,599. The Panel has budgeted for the six month an operating surplus of \$70,522 and a surplus of \$6,502 in the litigation fund. A summary of the figures to date is as follows:

	<i>Year to date</i>	<i>Budget to date</i>
	\$	\$
Operating income	842,393	901,490
Operating expenditure	<u>827,666</u>	<u>830,968</u>
Operating surplus / (deficit)	14,727	70,522
Litigation fund surplus / (deficit)	<u>15,599</u>	<u>6,502</u>
Net surplus / (deficit)	<u>30,326</u>	<u>77,024</u>

The following are summaries of the Panel's completed actions and the allocation of resources for the year to date:

### Quantity of Work

	Actual 6 months to 31 Dec 2013	Actual 6 months to 31 Dec 2012	Actual 12 months to 30 June 2013	Budget 12 months to 30 June 2014
Takeovers Code				
Percentage of total resources spent on reviewing market activity	18%	37%	27%	20%
Specific projects completed	2 out of 4	2 out of 8	3 out of 8	4 out of 4
Approvals – applications considered				
Independent advisers and independent experts	10	16	24	20-26
Exemptions-applications considered				
Individual exemptions	2	4	13	7-11
Class exemptions	1	2	3	2-4
Enforcement-actions completed*				
Draft documents reviewed	8	8	21	19-24
Final documents reviewed	8	8	21	19-24
Section 32 meetings	0	0	1	1
Public Understanding -communication				
Publication of Code Word	1	1	3	3
Informal engagements with stakeholders	14	8	10	10-20
Schemes of arrangement				
Number of schemes	0	0	0	2-5

\*Takeovers form only a part of the transactional activity that the Takeovers Code regulates. Accordingly, to better reflect the reality of the Panel's responsibilities, takeovers and shareholder meetings are now combined in the Panel's reporting. Thus, review of "documents" refers to the work of reviewing, for compliance with the Code, takeovers documents and also the documents required for meetings of shareholders (held to approve Code-regulated transactions).

**Cost allocation**

	Actual 6 months to 31 December 2013		Actual 6 months to 31 December 2012		Actual 12 months to 30 June 2013		Budget 12 months to 30 June 2014	
	\$	%	\$	%	\$	%	\$	%
Takeovers Code	148,980	18	291,569	37	440,401	27	340,000	20
Code Approvals	33,107	4	23,641	3	48,933	3	51,000	3
Code Exemptions	99,320	12	94,563	12	244,667	15	170,000	10
Enforcement of the Code	240,023	29	197,006	25	538,267	33	595,000	35
Public Understanding	306,236	37	181,246	23	358,845	22	374,000	22
Schemes of Arrangement	0	0	0	0	0	0	171,000	10
<b>Cost Allocation</b>	<b>827,666</b>	<b>100</b>	<b>788,025</b>	<b>100</b>	<b>1,631,113</b>	<b>100</b>	<b>1,701,000</b>	<b>100</b>

**STATEMENT OF COMPREHENSIVE INCOME**  
for the period ended 31 December 2013

<i>Budget</i> 12 months to 30 Jun 2014 \$	<i>Budget</i> 6 months to 31 Dec 2013 \$		<i>Actual</i> 6 months to 31 Dec 2013 \$	<i>Actual</i> 6 months to 31 Dec 2012 \$
		<b>Revenue - operating</b>		
1,494,000	747,000	Government grant – baseline funding	747,000	747,000
26,000	12,998	Interest	13,333	13,597
283,000	141,492	Application fees and costs recoverable	82,060	58,634
0	0	Other income	0	16
<u>1,803,000</u>	<u>901,490</u>	Total operating income	<u>842,393</u>	<u>819,247</u>
		<b>Revenue – litigation fund</b>		
33,000	16,500	Interest	15,599	16,694
<u>33,000</u>	<u>16,500</u>	Total litigation fund income	<u>15,599</u>	<u>16,694</u>
<u>\$1,836,000</u>	<u>\$917,990</u>	Total income	<u>\$857,992</u>	<u>\$835,941</u>
		<b>Operating expenditure</b>		
20,000	0	Audit fees	0	0
38,000	18,998	Communication charges	17,415	41,367
71,000	28,996	Training and memberships	24,325	10,490
58,000	30,998	Depreciation and amortisation	10,386	5,640
193,000	96,498	Members’ fees	123,007	90,043
11,000	5,497	Printing and stationery	23,179	25,531
34,000	16,998	Consultants and legal	19,180	13,872
176,000	91,492	Services and supplies	83,418	65,936
133,000	66,498	Rent	66,325	66,152
29,000	14,498	Travel and accommodation	16,845	9,019
918,000	460,495	Personnel costs	443,586	459,975
<u>1,681,000</u>	<u>830,968</u>	Total operating expenditure	<u>827,666</u>	<u>788,025</u>
20,000	9,998	Expenditure – litigation fund	0	0
<u>1,701,000</u>	<u>840,966</u>	Total expenditure	<u>827,666</u>	<u>788,025</u>
<u>\$135,000</u>	<u>\$77,024</u>	Net Surplus/Deficit	<u>\$30,326</u>	<u>\$47,916</u>
0	0	Other comprehensive income	0	0
<u>\$135,000</u>	<u>\$77,024</u>	Total comprehensive income	<u>\$30,326</u>	<u>\$47,916</u>
		<b>This is comprised of:</b>		
122,000	70,522	Comprehensive income -operating / (deficit)	14,727	31,222
13,000	6,502	Comprehensive income -litigation / (deficit)	15,599	16,694
<u>\$135,000</u>	<u>\$77,024</u>		<u>\$30,326</u>	<u>\$47,916</u>

## STATEMENT OF FINANCIAL POSITION

*as at 31 December 2013*

<i>Budget as at 30 Jun 2014 \$</i>		<i>Actual as at 31 Dec 2013 \$</i>	<i>Actual as at 31 Dec 2012 \$</i>	<i>Actual as at 30 Jun 2013</i>
	<b>Current assets</b>			
	<b>Note</b>			
157,000	Cash and cash equivalents – operations	240,199	142,027	350,690
132,000	Cash and cash equivalents – litigation fund	133,797	158,479	131,999
626,000	Term deposits – operations	423,723	410,762	280,264
669,000	Term deposits – litigation fund	680,640	651,351	657,401
5,000	Interest receivable – operating	6,491	2,450	4,913
16,000	Interest receivable – litigation fund	2,894	4,789	12,332
24,000	Trade and other receivables	25,922	27,353	128,820
25,000	Prepayments	42,114	52,213	19,475
16,000	GST receivable	7,563	7,111	750
<u>\$1,670,000</u>	Total current assets	<u>\$1,563,343</u>	<u>\$1,456,535</u>	<u>1,586,644</u>
	<b>Non-current assets</b>			
151,000	Office equipment	151,864	151,489	151,864
(144,000)	Less accumulated depreciation	(139,356)	(129,031)	(133,478)
46,000	Office furniture	46,148	46,148	46,148
(21,000)	Less accumulated depreciation	(18,317)	(13,804)	(16,061)
138,000	Software	122,098	23,968	122,098
(78,000)	Less accumulated amortisation	(48,255)	(23,968)	(32,098)
<u>92,000</u>	Total non-current assets	<u>114,182</u>	<u>97,940</u>	<u>138,507</u>
<u>\$1,762,000</u>	Total assets	<u>\$1,677,525</u>	<u>\$1,554,475</u>	<u>\$1,725,151</u>
	<b>Current liabilities</b>			
49,000	Trade and other payables	38,548	38,156	62,413
51,000	Employee entitlements	28,845	28,678	82,932
0	GST payable	0	0	0
<u>\$100,000</u>	Total current liabilities	<u>\$67,393</u>	<u>\$66,834</u>	<u>\$145,345</u>
	<b>Equity</b>			
845,000	Operating funds	792,801	673,022	778,074
817,000	Litigation fund	817,331	814,619	801,732
<u>\$1,662,000</u>	Total equity	<u>\$1,610,132</u>	<u>\$1,487,641</u>	<u>\$1,579,806</u>
<u>\$1,762,000</u>	Total equity and liabilities	<u>\$1,677,525</u>	<u>\$1,554,475</u>	<u>\$1,725,151</u>

## STATEMENT OF MOVEMENTS IN EQUITY

*for the period ended 31 December 2013*

<b>Budget</b> <b>6 months to</b> <b>31 Dec 2013</b> <b>\$</b>		<b>Actual</b> <b>6 months to</b> <b>31 Dec 2013</b> <b>\$</b>	<b>Actual</b> <b>6 months to</b> <b>31 Dec 2012</b> <b>\$</b>	<b>Actual</b> <b>Year ended</b> <b>30 Jun 2013</b>
	<b>Equity at start of year</b>			
671,000	Operating funds	778,074	641,800	641,800
773,000	Litigation fund	801,732	797,925	797,925
<u>\$1,444,000</u>	Equity at start of year	<u>\$1,579,806</u>	<u>\$1,439,725</u>	<u>\$1,439,725</u>
70,522	Total comprehensive income- operating/(deficit)	14,727	31,222	136,274
6,502	Total comprehensive income-litigation/ (deficit)	15,599	16,694	3,807
<u>77,024</u>	Total comprehensive income	<u>30,326</u>	<u>47,916</u>	<u>140,081</u>
0	Capital contribution	0	0	0
77,024	Increase (reduction) in equity	30,326	47,916	140,081
<u>\$1,521,024</u>	Equity at end of year	<u>\$1,610,132</u>	<u>\$1,487,641</u>	<u>\$1,579,806</u>
	<b>Comprising:</b>			
741,522	Operating funds	792,801	673,022	778,074
779,502	Litigation fund	817,331	814,619	801,732
<u>\$1,521,024</u>	Equity at end of year	<u>\$1,610,132</u>	<u>\$1,487,641</u>	<u>\$1,579,806</u>

**STATEMENT OF CASH FLOWS**  
for the period ended 31 December 2013

<i>Budget</i> 12 months to 30 Jun 2013 \$		<i>Actual</i> 6 months to 31 Dec 2013 \$	<i>Actual</i> 6 months to 31 Dec 2012 \$	<i>Actual</i> Year ended 30 Jun 2013
	<b>Cash flows from operating activities</b>			
	Cash was provided from:			
1,494,000	Government grant – operations	747,000	747,000	1,494,000
298,000	Application fees and costs recoverable	184,958	52,701	110,549
59,000	Interest	36,792	31,598	50,529
0	Other income	0	16	19
0	Goods and Services Tax (net)	0	10,810	17,171
	Cash was disbursed to:			
(532,000)	Suppliers	(283,252)	(284,020)	(515,854)
(1,107,000)	Employees and members	(620,680)	(589,196)	(1,074,402)
(2,000)	Goods and Services Tax (net)	(6,813)	0	0
210,000	Net cash inflow (outflow) from operating activities	58,005	(31,091)	82,012
		4		
	<b>Cash flows from investing activities</b>			
	Cash was provided from:			
0	Receipts from sale of bank deposits	0	74,561	199,009
	Cash was applied to:			
0	Purchase of computer software	0	0	(98,130)
0	Purchase of office equipment	0	(16,030)	(16,405)
0	Purchase of office furniture	0	(2,688)	(2,688)
(169,000)	Acquisition of bank deposits	(166,698)	(43,138)	
(169,000)	Net cash inflow (outflow) from investing activities	(166,698)	12,705	81,786
41,000	Net increase (decrease) in cash and cash equivalents	(108,693)	(18,386)	163,798
248,000	Add opening cash and cash equivalents	482,689	318,892	318,892
\$289,000	Closing cash and cash equivalents	\$373,996	\$300,506	\$482,689
	<b>Comprising</b>			
157,000	Cash and cash equivalents – operations	240,199	142,027	350,690
132,000	Cash and cash equivalents –litigation fund	133,797	158,479	131,999
\$289,000		\$373,996	\$300,506	\$482,689

## NOTES TO THE FINANCIAL STATEMENTS

*for the period ended 31 December 2013*

### NOTE 1 STATEMENT OF ACCOUNTING POLICIES

#### *Reporting entity*

The Takeovers Panel is a body corporate established by the Takeovers Act 1993.

The Panel's primary function is the regulation of corporate takeovers in New Zealand.

#### *Basis of preparation*

#### **Statement of compliance**

These condensed interim financial statements have been prepared in accordance with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting.

#### **Basis of measurement**

The accounting principles recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis have been applied.

#### **Functional and presentational currency**

These financial statements are presented in New Zealand dollars (\$) which is the entity's functional currency.

#### **Use of estimates and judgements**

The preparation of interim financial statements in conformity with NZ IAS 34 Interim Financial Reporting requires the Panel to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

These interim financial statements have been prepared on the basis of NZ IFRS.

#### **Changes in accounting policy**

The accounting policies have been applied consistently to all periods presented in the half yearly financial statements. The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent annual financial statements which were for 30 June 2013.

#### **Significant accounting policies**

Significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### a Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, held in bank accounts and short-term deposits that form part of the Panel's day-to-day cash management. They are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. They are held for the purpose of meeting short-term cash commitments and have short maturities of three months or less.

- b Term deposits  
This category only includes term deposits with maturities greater than three months. These deposits are loans and receivables under NZ IFRS. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.
- c Trade and other receivables  
Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.
- d GST  
All items in financial statements are exclusive of GST with the exception of trade and other receivables and trade and other payables which are stated with GST included.

The statement of cash flows has been prepared on a net GST basis. That is, cash receipts and payments are presented exclusive of GST. A net GST presentation has been chosen to be consistent with the presentation of the statement of comprehensive income and statement of financial position. The net GST component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST component has been presented on a net basis as the gross amounts would not provide meaningful information for financial statement purposes.

- e Trade and other payables  
Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.
- f Financial instruments  
A financial instrument is recognised when the Panel becomes party to a financial contract. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of comprehensive income.

Financial instruments comprise trade and other receivables, cash and cash equivalents, term deposits and trade and other payables.

- g Income tax  
The Panel is exempt from income tax under the Income Tax Act 2007.
- h Revenue recognition  
Government grant is recognised as revenue when earned and is reported in the financial period to which it relates. Revenue from application fees and costs recoverable is recognised when the relevant services are provided or when the Panel has made the relevant determination under section 32 of the Takeovers Act 1993.

Interest income is recognised as it accrues, based on the effective interest rate inherent in the respective financial instrument. The effective interest rate discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

- i Litigation fund  
Interest income and expenditure on approved litigation fund matters are reported as income and expenditure of the Panel in the financial period in which they were derived or incurred. Reimbursements from the Crown to top up the fund are reported as income in the period to which the Panel's claim for reimbursement relates. The balance of the fund is disclosed as a component of equity in the statement of financial position.

- j Property, plant and equipment  
Property, plant and equipment are shown at cost or deemed cost less depreciation, and less any impairment losses (see note 1(k)). The following classes of property, plant and equipment have been depreciated over their economic lives on the following basis:
- |                  |      |   |                             |
|------------------|------|---|-----------------------------|
| office furniture | 8.5  | - | 10.5 percent straight line, |
| office equipment | 17.5 | - | 40 percent straight line.   |
- k Intangible assets  
Computer software that is not integral to the operation of the hardware is recorded as an intangible asset and amortised on a straight line basis over a period of three years.

## NOTE 2 BUDGET FIGURES

The budget figures are those approved by the Panel on 23 April 2013 and published in the Panel's Statement of Intent 2013/2014-2016. The budget figures are prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Panel for the preparation of the financial statements.

## NOTE 3 LITIGATION FUND

The litigation fund is to be used for litigation costs that are incurred by the Panel as it enforces compliance with the Takeovers Code or responds to litigation brought against it.

Parliament agreed to an appropriation, if required, of up to \$200,000 (GST inclusive) for the year ended 30 June 2013 to top-up the fund to the set level of \$675,000. The Panel has not had to draw from this appropriation during the year.

A summary of the movements in the fund during the year is as follows:

	6 months to 31 Dec 2013 \$	6 months to 31 Dec 2012 \$	12 months to 30 Jun 2013
Government grant received	0	0	0
Recovery of costs	0	0	0
Interest received	12,705	11,905	20,131
Interest accrued	2,894	4,789	12,332
Expenditure on approved litigation	0	0	(28,656)
Comprehensive income /(deficit) for the year	15,599	16,694	3,807
Opening balance	801,732	797,925	797,925
Closing balance	<u>\$817,331</u>	<u>\$814,619</u>	<u>\$801,732</u>
This is comprised of:			
Cash and cash equivalents			
- Call account	133,797	156,479	131,999
- Short term deposits	200,136	190,214	
Term deposits	480,504	461,137	657,401
Interest receivable	2,894	4,789	12,332
Trade payables	0	0	0
	<u>\$817,331</u>	<u>\$814,619</u>	<u>\$801,732</u>

**NOTE 4 RECONCILIATION OF STATEMENT OF COMPREHENSIVE INCOME WITH STATEMENT OF CASH FLOWS**

	<b>6 months to 31 Dec 2013</b>	<b>6 months to 31 Dec 2012</b>	<b>12 months to 30 June 2013</b>
	<b>\$</b>	<b>\$</b>	
Net surplus (deficit):	30,326	47,916	140,081
Movement in non cash items			
Depreciation / amortisation	24,325	10,490	25,291
Movement in working capital:			
Increase (decrease) in creditors	(77,952)	(80,586)	(2,075)
(Increase) decrease in receivables and prepayments	81,306	(8,911)	(81,285)
	<u>27,679</u>	<u>(79,007)</u>	<u>(58,069)</u>
Net cash flows from operating activities	<u>\$58,005</u>	<u>(\$31,091)</u>	<u>\$82,012</u>

**NOTE 5 BUDGET VARIANCES**

Significant variances from budget were:

Income

Total operating income was \$59,097 lower than budget, primarily because of the lower than budgeted level of fees and cost recoveries from enforcement and schemes work.

Expenditure

Total operating expenditure for the period to date was \$3,302 lower than budgeted, primarily because of lower expenditure on training, personnel costs and services and supplies. These were compensated for by higher than budgeted expenditure on Members fees and printing and stationery.

Printing and stationery: There is a \$17,682 increase in printing and stationery to that budgeted. This is largely related to the design and printing (\$15,000) of a set of Fact-Sheets and the *Basic Guide for Shareholders about the Takeovers Code* aimed at increasing public understanding. The Panel approved the additional expenditure before it was undertaken.

Members Fees: There is a \$26,509 increase in Members fees. This is due to increased involvement in work around public understanding and to a change in remuneration, as determined by the Remuneration Authority.

Training and memberships: There is a \$20,612 reduction in training and memberships than budgeted. This relates to training yet to be taken.

Personnel costs: This is showing a reduction of \$16,909. This is expected to even out as the year progresses.

Net operating surplus: The Panel recorded an operating surplus of \$14,727 when a surplus of \$70,522 had been budgeted. The factors for the variance are explained above.

## PROJECTED LEVEL OF OPERATION FOR THE REST OF THE FINANCIAL YEAR

Over the remainder of the financial year the Panel will continue to carry out its responsibilities for administration of the Code. The level of Code-regulated corporate activity has been subdued for the year, but market commentators are predicting a pick up in mergers and acquisitions activity as the economy continues to improve. This is expected to require ongoing Panel involvement in enforcement as well as approvals and exemptions. In the meantime, the Panel is continuing its strong focus on its Public Understanding services in order to better inform parties about their rights and obligations under the Code.

The Panel intends to maintain its current establishment of eight staff. Currently all positions are filled.

The Panel understands that the review of the Takeovers (Fees) Regulations 2001 (“fees regulations”) which stipulate the fees that can be charged to third parties for various actions undertaken by the Panel, has been put on hold. Currently, the Panel under-recovers for its chargeable activities by approximately 40%. To put this in context, however, third-party funding constitutes anywhere between about 5% to 30% (usually at the lower end of this range) of the Panel’s annual revenue (the balance is funded by the annual Government grant of \$1.49 million).

The passage of the Companies and Limited Partnerships Amendment Bill will give the Panel a role in relation to schemes of arrangement under the Companies Act that involve Code companies. The fees regulations are being amended in conjunction with the passage of the Bill, to allow the Panel to charge third parties for its work on schemes of arrangement. This will be charged at the current hourly rate under the fees regulations. The Panel anticipates that once the new schemes of arrangement regime comes into effect and beds in, a significant proportion of takeovers are likely to be undertaken under that regime. The reason for this expectation is that the proposals under the Bill are closely aligned with the regime that has operated in Australia for several decades, and around half of takeovers are undertaken as schemes of arrangement in that jurisdiction.

The Panel publishes its periodic news bulletin, Code Word, from time to time. When the Companies and Limited Partnerships Amendment Bill is passed the Panel will publish a Guidance Note on the procedures for applying to the Panel for a “no-objection statement” under the new Companies Act regime for schemes of arrangement that involve Code companies. The Panel will continue its work programme to improve the accessibility of information on its website for practitioners and other business people with an interest in Code matters and schemes of arrangement.

The Panel maintains an on-line survey to obtain verifiable data on its performance from its ‘client’ base of market practitioners. The survey is into its third year, and the Panel continues to receive a high response rate of greater than 70%, with very positive feedback. The survey has had the added benefit of providing a forum for practitioners to raise issues that might not otherwise be brought to the Panel’s attention (such as suggestions for improving the delivery of the Panel’s services). The Panel is able to quickly act on this feedback. The survey will remain in place for the rest of the financial year.

The changes to workplace health and safety legislation is an important issue for the Panel. An appropriate level of the Panel’s resources will be focused on understanding the new regime and ensuring that the Panel meets its obligations so that its employees and all others for whom it has responsibility on its premises are kept safe and well.