

## Submission to the Standing Committee on Legislation

Recently I read that a meeting on dividing the proceeds of the court case was to be held in Singapore, which is hardly a convenient location for those in WA affected to attend.

Affected persons include my wife, who held Bell Group shares at the time of the takeover of Bell Group by Bond interests, helped by warehousing of shares by the SGIC (now ICWA).

My correspondence on my wife's behalf with the state government on this dates back to 1998. At that time the Minister for Finance rejected a claim for compensation. Among other things he firstly said he disagreed that the SGIC had any duty or obligation to shareholders of the Bell Group. In fact of course, shareholders in a company do have certain obligations to other shareholders. Secondly, he said that the SGIC's actions were the subject of detailed examination by the Royal Commission into Government and so the SGIC was entitled to regard the matter to be at an end. This suggests that the SGIC or those directing it felt no need to right wrongs after the Royal Commission, despite what is quoted below in italics.

Essentially, the government of our state involved itself in favouring one Bell shareholder, whose intention was to gain control of a cash rich company, with a strong hovering suspicion that that cash would be used for purposes other than advancing Bell Group interests. This was to be done without regard by the SGIC to the detriment caused to other shareholders by its intervention to facilitate the takeover. It was always open to the chairman of the SGIC, Wyvern Rees, to seek a legal opinion from the courts when the Premier tried to tell him what to do. He didn't. Yet the board of the SGIC reportedly told the Royal Commission it had "an absolute feeling of disaster" when it knew the Bell Group shares had been foisted on it.

This is what I wrote to the Treasurer in May this year:

Further to this, I add part of para 17.5.22 from the Royal Commission into WA Inc.:

*"Accepting for present purposes that SGIC did enjoy Crown immunity, Mr Dowding caused it to enter into a transaction which was legal only because it was a Government instrumentality. In so doing, he deprived the shareholders of Bell Group other than Mr Holmes a Court of the opportunity to receive a substantially higher price for their shares than was available through the stock market. This was quite contrary to the spirit of the Takeovers Code, and was, in our view improper."*

*Since the matter of repayments has only fairly recently been concluded in the courts, I disagree with the Minister for Finance's view in a letter to me on 22 June 1998 that "the Insurance Commission is entitled to regard this matter to be at an end".*

This was the reply in August this year from the Treasurer:

"Thank you for your correspondence on 5 and 8 May 2015.

I am advised that on 27 July 1988, Bond Corporation made an offer to all Bell Group Limited shareholders to purchase their shares at \$2.70 per share, a price substantially above the market price at the time. This offer was open until 29 August 1988. Regrettably those that did not take up the offer incurred losses as the share price declined afterwards. The statement referred to in your email of 8 May 2015, by the Minister for Finance in 1998, to the effect that the Insurance Commission can regard the matter as being at an end, is correct."

This fails to recognise that my wife and I did not want to facilitate a Bond takeover, especially one in which the state government had intervened showing favouritism to one party against the rest of the shareholders. If the shares were to be eventually acquired compulsorily at the same price offered to Robert Holmes a Court then so be it. But intervening events aborted the process when the takeover

offer reached the compulsory acquisition stage, and that stage was only reached because the SGIC had aided the Bond takeover. Her shares were then not acquired.

The problem with the proposed legislation is that it fails to recognise that people such as my wife should be considered for compensation too, but they are excluded.

Thank you

(name withheld)