

The Bell Gully *Regulator Report* lists recent changes, decisions and developments at the main New Zealand and Australian corporate, commercial and competition regulatory bodies for the period to 15 November 2006. For further details on any matter in this report, just click on the hyperlink below each item. Should you have any questions regarding the contents of the Bell Gully *Regulator Report* please call your usual contact at Bell Gully or contact a member of the Bell Gully [Corporate Team](#) or the [Competition Team](#). For past editions of the Bell Gully *Regulator Report* please [click here](#).

A companion publication, *Commercial Quarterly*, covers current commercial law issues that may impact on your business and trading operations and is published every quarter. For the Winter issue of *Commercial Quarterly* please [click here](#). For all other Bell Gully publications please [click here](#).

<p>New Zealand Exchange (NZX)</p>	<ul style="list-style-type: none"> Market insight NZX has published the October edition of its monthly newsletter, "Market insight", which contains details of the latest news and events at NZX. Click here to access a copy of October's Market insight.
<p>Securities Commission</p>	<ul style="list-style-type: none"> Securities Regulation - An International Perspective On 30 October Securities Commission Chairman and Chairman of the International Organisation of Securities Commission (IOSCO) Jane Diplock gave a speech at the annual general meeting of the International Council of Securities Associations, hosted by the Japan Securities Dealers Association. The speech gives an overview of IOSCO and its priorities and, in particular, IOSCO's relationship with self-regulatory organisations (SROs) and the industry generally. The chairman emphasises that IOSCO's priorities are clear and have been confirmed by members at the 31st annual conference of IOSCO in June 2006. Some of its key priorities are: <ul style="list-style-type: none"> ➤ to promote the consistent and comprehensive implementation of the IOSCO Principles in all member jurisdictions. This includes a programme of assistance for regulators who might otherwise struggle with implementation; ➤ to expand cross-border cooperation and information exchange between regulators on matters of enforcement; and ➤ to extend consultation and information exchange with the wider financial community so as to include consultation with all stakeholders, including industry bodies and other participants in securities markets. The speech also discusses the relationship between IOSCO and the International Council of Securities Associations. Jane Diplock noted that the associations' objectives to promote international convergence in regulation and to encourage mutual understanding among members are very similar to IOSCO's own ideals. Click here for more

<p>Securities Commission continued</p>	<ul style="list-style-type: none"> • The Bulletin The Securities Commission has published the latest edition of its quarterly newsletter. It includes coverage of: <ul style="list-style-type: none"> ➤ the Commission's oversight review of NZX; ➤ its investigation into the Feltex prospectus and disclosure; ➤ the Commission's prohibition of Hanover advertisements; ➤ \$10,000 fine for Tricom Futures (NZ) Limited after pleading guilty to a charge of dealing in futures contracts without authorisation from the Securities Commission; ➤ the Commission's third review of financial reports; and ➤ the release of the draft regulations for trans-Tasman mutual recognition of offers of securities. Click here to access the Bulletin • Securities Act Exemption Notices The following Securities Act Exemption Notices have been published: <ul style="list-style-type: none"> ➤ Securities Act (Overseas Listed Issuers) Exemption Amendment Notice 2006/330 ➤ Securities Act (NZ Farming Systems Uruguay Limited) Exemption Notice 2006/336 ➤ Securities Act (Kermadec Property Fund Limited) Exemption Notice 2006/337 Click here for Exemption Notices
<p>Takeovers Panel</p>	<ul style="list-style-type: none"> • Panel in court on scheme of amalgamation The Panel has issued a media release on its recent involvement in proceedings in the High Court and the Court of Appeal over a scheme of amalgamation being promoted by a group of companies under Part XV of the Companies Act. The companies amalgamating are all code companies for the purposes of the Takeovers Code. The Panel formed no view on the merits of the scheme itself but was concerned that the approval threshold required of the shareholders in each company could result (depending on the court's final orders) in the amalgamations being approved by a very small number of shareholders in each company. The Panel has recommended changes to the law in relation to schemes and amalgamations effected under the Companies Act 1993. These recommendations are currently with the Minister of Commerce. In the meantime the Panel noted in its press release that it intends to continue to seek to be heard by the court on schemes of arrangement involving code companies. It also states that any "code companies contemplating entering into schemes of arrangement are encouraged to discuss their intentions with the Panel at an early date". Click here for more See Bell Gully's 2006 Spring Commercial Quarterly (due out soon) for a review of the Court of Appeal's decision noted in this media release. The publication also includes an update on the steps being taken by the Takeovers Panel to progress its recommended changes for Companies Act schemes of arrangement and amalgamations. • Takeovers Panel issues "Code Word" on changes to takeovers law There have been changes to the Takeovers Act and Takeovers Code, which came into force on 26 October 2006, after the passing of the Securities Legislation Bill. The key changes include: <ul style="list-style-type: none"> ➤ new definitions of "code company" in the Code and "specified company" in the Act. The asset threshold has been removed from the definitions, so that the Code now applies to every company that has 50 or more shareholders. Previously unlisted companies were "code companies" if they had "50 or more shareholders and \$20,000,000 or more of assets"; ➤ any listed company with only non-voting securities is no longer a code company/specified company; ➤ expansion of the Panel's enforcement powers; and ➤ increased and broadened penalties and remedies available under the Takeovers Act. A further significant change (not due to come into force until next year) will empower the Panel and court to deal with misleading and deceptive conduct during Code-related transactions and events. To access a copy of Code Word click here.

<p>Takeovers Panel continued</p>	<ul style="list-style-type: none"> • Takeovers Code Exemption Notices The following Takeovers Code Exemption Notice has been published: Takeovers Code (Wellington Drive Technologies Limited) Exemption Notice 2006 Click here for more
<p>Reserve Bank of New Zealand</p>	<ul style="list-style-type: none"> • Westpac is now locally incorporated The Reserve Bank has registered Westpac New Zealand Limited as a registered bank. Westpac New Zealand Limited is a New Zealand incorporated subsidiary of Westpac Banking Corporation. The establishment of Westpac New Zealand Limited means that, in line with the Reserve Bank local incorporation policy, all systemically important banks operating in New Zealand are now locally incorporated. Click here for more • Reserve Bank releases Financial Stability Report The Reserve Bank has released its Financial Stability Report, a twice-yearly assessment of the health of the New Zealand financial system. The report covers developments in financial institutions, foreign exchange and debt markets, and payments systems. It also comments on recent financial policy developments. Click here for more Click here to access a copy of the Report
<p>Australian Stock Exchange</p>	<ul style="list-style-type: none"> • Recent floats Click here for recent ASX floats • Upcoming floats Click here for upcoming ASX floats
<p>Ministry of Economic Development [MED]</p>	<ul style="list-style-type: none"> • Regulation review reaches first milestone On 1 November Commerce Minister Lianne Dalziel released a copy of the Quality Regulation Review's first milestone report saying that good progress was being made to identify and address barriers to business growth. Lianne Dalziel said Cabinet has directed government departments to report back to Ministers by the end of the year on workable solutions to: <ul style="list-style-type: none"> ➢ the removal of duplicated or overlapping regulatory requirements; ➢ the provision of tailored information on regulatory requirements to meet the needs of business; ➢ the design of "safe harbours", so that if certain conditions are met firms are deemed to comply with the law; and ➢ more rigorous risk analysis when developing and enforcing laws. <p>Lianne Dalziel also noted that another part of the quality regulation review work involved strengthening the regulatory impact analysis system for government departments proposing new regulation and legislation. This would come into force from April next year.</p> <p>The Quality Regulation Review is a Government-initiated review looking at how to make life easier for business. It includes active engagement with business to identify issues and solutions; investigating ways of eliminating duplication, inconsistencies and uncertainty where multiple regulatory frameworks intersect; and improving government's own processes for assessing and monitoring the impact of regulations. The review is based on the principles of efficiency, effectiveness, transparency, clarity and equity. Click here for more Click here to access a copy of the Quality Regulation Review's first milestone report</p>

<p>New Zealand Commerce Commission (NZCC)</p>	<ul style="list-style-type: none"> • NZCC media releases The NZCC has issued the following media releases: <ul style="list-style-type: none"> ➤ The NZCC has revised its draft assessment of Telecom New Zealand Limited's net cost of complying with its telecommunication service obligations (TSO) for the period 1 July 2003 to 30 June 2004. Interested parties submitted to the Commission on the use of wireless and mobile technologies to supply the TSO. The net result of these submissions has been an increase in the cost calculated by the Commission for supplying the TSO using these technologies. Click here for more ➤ The NZCC has released its consultation package on an administrative settlement offer proposed by Unison Networks as an alternative to the imposition of regulatory control. The package includes Unison's settlement offer and the Commission's analysis of it. As part of the settlement, Unison will voluntarily reduce its average electricity line charges from 1 December this year and will comply with the Commission's existing price path threshold for the remainder of the current five-year regulatory period. Unison will also rebalance its charges to customers in different regions. The Commission had found that Unison was earning significant excess profits, with the greatest impact on consumers in Taupo and Rotorua. Click here for more ➤ The NZCC has issued civil proceedings against Visa, MasterCard and 11 financial institutions for alleged price-fixing in relation to interchange fees. In a Statement of Claim filed in the Wellington High Court, the Commission alleges that fixing the interchange fees is anti-competitive. Interchange fees are charged by credit card companies. They are paid by retailers as part of the fees they pay to banks. The fee is up to 1.8% of each credit card transaction. Retailers are not permitted to charge customers extra to use credit cards, and so must recover the fees by increasing prices, regardless of whether customers pay by credit, cash or EFTPOS. Click here for more ➤ In the first prosecution under the Credit Contracts and Consumer Finance Act, Senate Finance Limited, which provides finance to the customers of car dealers, has been fined \$59,000 for giving customers terms and conditions they could not read. Seventeen affected customers were also awarded a total of \$13,700 in statutory damages. Click here for more
<p>Australian Competition and Consumer Commission (ACCC)</p>	<ul style="list-style-type: none"> • ACCC media releases The ACCC has issued the following media releases: <ul style="list-style-type: none"> ➤ The ACCC issued a Statement of Issues on the proposed acquisition of Queensland Gas Company Limited by Santos Limited seeking further information on market definition and a number of competition concerns identified by the Commission. The ACCC invited further submissions from the market focused on these matters by Thursday, 9 November 2006. The ACCC anticipates making a final decision on the proposed acquisition by 7 December 2006. Click here for more ➤ The ACCC has confirmed that interim determinations were made in five telecommunications disputes over monthly charges for the supply of the unconditioned local loop services (ULLS). The interim determinations were made in arbitrations between Telstra and the following parties: Primus Telecommunications Pty Ltd; Optus Networks Pty Ltd; XYZed Pty Ltd; Request Broadband Pty Ltd; and PowerTel Ltd. Click here for more ➤ The ACCC has issued its latest assessment of Telstra's compliance with its retail price control arrangements. This report concerns Telstra's compliance with the arrangements that applied for the six months from July to December 2005. Click here for more ➤ Under Part XIC of the Trade Practices Act 1974, Optus Networks Pty Ltd has notified the Australian Competition and Consumer Commission of an access dispute with Telstra Corporation Limited. The access dispute relates to Telstra providing the Unconditioned Local Loop Service to Optus in multi-dwelling units served with a main distribution frame. This dispute concerns the ability of end-users to access services through ULLS whilst living in an apartment building or another form of multi dwelling unit or building served with a main distribution frame. Click here for more

ACCC continued

- The ACCC has issued a Statement of Issues on the proposed acquisition by Hexion Specialty Chemicals Pty Ltd of Orica Australia Ltd's formaldehyde resins business. The statement invites further information and comment on the manufacture and supply of amino and phenolic resins in Australia. Both Hexion and Orica manufacture and supply amino and phenolic resin in Australia for use in various industries including wood based products, foundry and fibre insulation industries.
[Click here for more](#)
- The ACCC has issued its eighth annual monitoring report covering prices, costs and profitability of container terminal operations in Australia's major ports for 2005-06. The report shows that at Australia's largest container terminals, stevedoring unit revenues and costs both increased, while productivity fell. This contrasts with a pattern of declining real unit revenue and costs and increasing productivity that occurred in the late 1990s following waterfront reform.
[Click here for more](#)
- The ACCC has issued its final decision on Epic Energy's proposed revised access arrangement for the South West Queensland Pipeline. The ACCC has been advised by the Australian Energy Regulator in this review.
[Click here for more](#)
- The ACCC issued a draft decision proposing to deny authorisation of the Tasman Networks Agreement between Qantas and Air New Zealand. The agreement would allow Qantas and Air New Zealand to coordinate all activities in respect to any flight on the trans-Tasman, including regular meetings to determine schedules and prices.
[Click here for more](#)
- The ACCC has issued a draft decision proposing to grant authorisation to certain restrictions within a coal supply agreement between Tarong Energy Corporation Limited, New Acland Coal Pty Ltd and New Hope Corporation Limited. The ACCC proposes to grant authorisation for the life of the agreement.
[Click here for more](#)
- The ACCC has issued a determination granting the International Air Transport Association authorisation for most of its programs on a transition basis. The granting of this authorisation provides IATA with an opportunity to address concerns raised by the ACCC and other parties and reduce its reliance on authorisation.
[Click here for more](#)
- Under Part XIC of the Trade Practices Act 1974, NEC Australia Pty Ltd has notified the Australian Competition and Consumer Commission of an access dispute with Telstra Corporation Limited. The access dispute relates to the monthly price for which Telstra supplies the Unconditioned Local Loop Service to NEC.
[Click here for more](#)
- The ACCC has issued for public comment three draft publications concerning changes to processes which result from the recent amendments to the Trade Practices Act 1974. The amendments follow recommendations of The Review of the Competition Provisions of the Trade Practices Act (the Dawson Review) and will come into force on 1 January 2007.
[Click here for more](#)

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