



# The Hon David Bradbury MP

## FEDERAL MEMBER FOR LINDSAY

### Parliamentary Secretary to the Treasurer

24 November 2010

## CORPORATIONS AMENDMENT (SONS OF GWALIA) BILL 2010

### Second Reading

**Mr BRADBURY (Lindsay) (Parliamentary Secretary to the Treasurer) (10.26am)**

I wish to thank all of the honourable members who have contributed to the debate, in particular I acknowledge the member for Casey and the member for Oxley, and also the member for La Trobe for her very valuable contribution to the debate on the [Corporations Amendment \(Sons of Gwalia\) Bill 2010](#). The bill will postpone shareholder compensation claims made in an insolvency administration so that they will rank equally with the other shareholder claims. Subordinating these claims will facilitate the provision of affordable credit to companies, particularly those in financial distress. The reform will reduce complexity and costs in external administrations and improve the prospects of rehabilitating insolvent companies through formal insolvency procedures.

The bill also provides that a person bringing a subordinated claim will not have an entitlement to a copy of any notice, report or statement to creditors unless they make a written request to the external administrator for a copy. The bill similarly provides that they will not have a right to vote as a creditor of the company unless given leave by the court. The bill also ensures that a person's ability to bring a claim for damages against a company will not be restricted by how they acquired the shares or whether they continue to hold the shares when bringing the action.

On behalf of the government, I would like to thank all the stakeholders for their contributions at various stages. I acknowledge, in particular, the very valuable contribution of the Law Council of Australia that has been taken up in part by the recommendations of the Senate Legal and Constitutional Affairs Legislation Committee. On 30 September 2010, the Senate referred the bill to the Legal and Constitutional Affairs Legislation Committee for inquiry and report. On 18 November 2010, the committee delivered its report recommending that the bill be passed, subject to a number of drafting concerns. I thank the Senate committee for that report. I intend to amend the bill to take account of the committee's recommendations, and these amendments have previously been circulated. I am advised by Treasury that each of these concerns has now been addressed in the government's amendments to the bill. The government is committed to ensuring that the bill achieves its intended policy objectives.

In conclusion, this bill will address a range of negative impacts on access to finance by companies and the conduct of external administrations, arising from the Sons of Gwalia decision. This will consequentially benefit creditors, shareholders and employees of Australian companies.

prevent and treat breast cancer and to assist those women in particular who will face this challenge into the future.