



Speech by
Lesley Clark

MEMBER FOR BARRON RIVER

Hansard Thursday, 30 September 2004

PARTNERSHIP AND OTHER ACTS AMENDMENT BILL

Dr LESLEY CLARK (Barron River—ALP) (5.17 p.m.): It is with pleasure that I rise to speak to the Partnership and Other Acts Amendment Bill 2004. The bill introduces an incorporated limited partnership in Queensland. This entity will be a new form of business structure that Australian and international venture capital investors in Queensland can use to access taxation exemptions and flowthrough taxation treatment for venture capital investment, recently provided by the Australian government.

The Australian venture capital fundraising industry is relatively small when compared with its United States equivalent. But venture capital is one of the main sources of funding for the biotechnology, information technology and communications sectors—sectors that this government is providing great support to through its Smart State strategies. These have high research and development activity and rely heavily on venture capital to fund them. The suppliers of such finance are predominantly institutional investors and specialised venture capital entities.

The introduction of an incorporated limited partnership, together with the Australian government's taxation reform, will create an environment in Queensland that will encourage further international investment in these sectors and will strengthen Queensland's growing venture capital fundraising and management industry, which are very important goals for the government.

As has been said, venture capital is often a high-risk area. So it is very important to have appropriate and effective winding-up strategies, such as that there will not be any repercussions of companies that cannot succeed. In my short contribution to this bill, I would like to outline the three ways that this bill provides for winding up an incorporated limited partnership. It may be wound up voluntarily, either in the terms set out in the partnership agreement or in a special resolution of the limited partners. If the partnership agreement does not set out how the assets of that body are dealt with, the assets will be distributed in accordance with the respective contributions of capital or property made by the limited partners.

Secondly, if the chief executive considers that an incorporated limited partnership has ceased to carry on business; has not been registered at Commonwealth level as a venture capital limited partnership or an Australian venture capital management partnership or has had a registration revoked; there are no limited partners in an incorporated limited partnership; the incorporation was obtained by mistake or fraud; or the incorporated limited partnership exists for an illegal purpose, then the chief executive may direct that the incorporated limited partnership be wound up.

The third and final way an incorporated limited partnership may be wound up is under part 5.7 of the Commonwealth Corporations Act 2001. This allows an incorporated limited partnership to be wound up if the incorporated limited partnership is unable to pay its debts; it is in the opinion of the court that it is just and equitable or in the public interest that the incorporated limited partnership is wound up; or the Australian Securities and Investments Commission or chief executive is of the opinion that the incorporated limited partnership cannot pay its debts or it is in the interests of the public or a creditor that the body is wound up. After an incorporated limited partnership is wound up, the chief executive must cancel the registration of the incorporated limited partnership so it ceases to exist.

Hopefully these provisions will not be used all that often. Hopefully these partnerships will be successful and in the best interests of Queensland. I commend the bill to the House.