



The Parliament of the Commonwealth of Australia

**TRADING OF SHARES IN
JUPITER'S LIMITED**



**PARLIAMENTARY JOINT COMMITTEE ON
CORPORATIONS AND SECURITIES**

NOVEMBER 1993

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PARLIAMENTARY JOINT COMMITTEE ON

CORPORATIONS AND SECURITIES

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Secretary

Andrew Snedden
The Senate
Parliament House
CANBERRA ACT 2600

DUTIES OF THE COMMITTEE

Section 243 of the Australian Securities Act 1989 reads as follows:

The Parliamentary Committee's duties are:

- (a) to inquire into, and report to both Houses on:
 - (i) activities of the Commission or the Panel, or matters connected with such activities, to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; or
 - (ii) the operation of any national scheme law, or of any other law of the Commonwealth, of a State or Territory or of a foreign country that appears to the Parliamentary Committee to affect significantly the operation of a national scheme law;
- (b) to examine each annual report that is prepared by a body established by this Act and of which a copy has been laid before a House, and to report to both Houses on matters that appear in, or arise out of, that annual report and to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; and
- (c) to inquire into any question in connection with its duties that is referred to it by a House, and to report to that House on that question.

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TRADING OF SHARES IN JUPITER'S LIMITED

Background

- 1** The licence to develop Brisbane's first legal casino was awarded to Jupiter's Ltd on 26 May 1992. Jupiter's already operates a casino on Queensland's Gold Coast. The award was the culmination of a drawn out tendering process in which three consortia were involved - Jupiter's Ltd; Sheraton Hotels/Leighton Holdings Ltd and Harrah's/Civil and Civic.
- 2** The casino proposal attracted criticism on a number of grounds - the general social concern associated with the extension of opportunities for legal gambling; environmental concerns in relation to one of the proposed sites, the heritage listed Old Treasury Building and questions as to the probity of the tendering process particularly with regard to the possible involvement of organised crime with any of the tenderers and conflicts of interest regarding the use of inside information on the likely outcome of the process.
- 3** A number of questions about the matter was raised by a member of the Committee, Senator Spindler, were addressed to the Australian Securities Commission by this Committee. The Committee sought the ASC's advice as to whether it had investigated any matters relating to trading of shares in Jupiters during 1992. The Committee was advised by the ASC that it had not conducted a formal investigation into the matters raised by Senator Spindler in relation to trading in Jupiter's shares.
- 4** Jupiter's Limited was named as the successful tenderer for the Brisbane casino license in May, 1992. In October 1992, questions were raised regarding the pattern of trading of shares in Jupiter's Limited prior to the granting of the Brisbane casino licence.

5 Senator Spindler subsequently moved in the Senate that the Committee inquire into the matter pursuant to section 243 of the *Australian Securities Commission Act 1989*. The Senate referred the matter to the Committee on 26 November 1992 in the following terms:

(1) That the Joint Statutory Committee on Corporations and Securities review the scope and effectiveness of the Australian Securities Commission and the Australian Stock Exchange inquiries into the trading of shares in Jupiter's Ltd since 1 January 1992, with particular reference to:

- (a) the identity of the buyers and sellers of shares during relevant times;
- (b) whether any of the shares traded in that period were traded, and are now held, by third parties; and
- (c) whether any benefits were derived on the basis of access to information about the casino tendering process.

(2) That the Committee report on or before 31 March 1993.

Trading in Jupiters Shares

6 During 1991 the price range for Jupiters shares was \$2.30 to \$2.40. During the two week prior to the announcement of the successful tender the price ranged from \$2.21 to \$2.43. The average price during this period was \$2.35.

7 Following the announcement the shares opened at \$2.50, peaked at \$2.52 then fell to \$2.45 at the close of trade.

8 Following the announcement of the successful tender Daikyo had sold its shares in Jupiters Ltd. Share prices during the period when Daikyo was divesting its interest were usually in the range of \$2.36 to \$2.38. However, the Daikyo shares were reportedly sold by placing large parcels with other investors and institutions for \$2.25. This price is lower than the average price in 1991 and in the two weeks before the announcement.

- 9 On 30 March 1992 the shares were trading at \$2.66 having ranged in price over the previous twelve months between \$2.18 and \$2.82.

Advice to the Committee from the ASC and the Australian Stock Exchange (ASX)

ASC Advice

- 10 In addition to the information provided to the Committee in correspondence, the ASC provided the Committee with a detailed submission and relevant papers. The submission sets out the basis on which the ASC may initiate inquiries, the criteria for identifying major matters and according them appropriate priority, and ASC investigations of Jupiters share trading.
- 11 On 27 May 1992 the ASC made informal inquiries with ASX Surveillance in relation to trading activities in Jupiters shares. The ASX advised that no unusual trading patterns had been detected. Following the discussions of the matter in the Senate in September the ASC sought and received from the Surveillance Division of the ASX details of all trades from close of business on 8 May 1992 to close of business on 27 May 1992. Two major transactions in this period were examined in more detail. On the basis of this material it was concluded that the trading was not indicative of either insider trading or market manipulation.

ASX Advice

- 12 The ASX advised the Committee that trading in Jupiters shares prior to the announcement of the successful tender did not trigger its alert mechanisms. Similarly the sale of Daikyo's holding appears to involve no major irregularities. The ASX has stated on that on two occasions Daikyo did not provide notices in relation to its being a substantial shareholder but that on each occasion the market was in any case fully informed of its position.

Conclusion

- 13 The Committee has considered the submissions to it from the ASC and the ASX. The Committee also advertised seeking submissions on the reference in December, 1992.
- 14 In addition to the submissions received from the ASC and the ASX, the Committee received submissions from Jupiter's Ltd, Commonwealth Funds Management Ltd and one individual. The Committee did not consider these submissions before the federal election was called on 9 February 1993 and accordingly could not report to the Parliament within the original time frame required by the Senate.
- 15 Following the re-establishment of the Committee in May 1993, and following consideration of the submissions received, the new Committee sought further advice on several matters from the ASC.
- 16 Having considered the further ASC response, the Committee concludes it does not need to make further inquiry into this matter. The Committee is accordingly satisfied with the inquiries undertaken into share dealings in Jupiters at the relevant time by the ASC and the ASX.