

## UNIVERSITY OF NEW ENGLAND

## Standing Committee of Council

11.00am, 4 August 2005

Council Room, Booloominbah

**NEW CONTROLLED ENTITY TO TAKE OVER THE ACTIVITIES OF THE  
UNE UNION**

1. The Chancellor has asked that this matter be brought to the Standing Committee of Council as there is a requirement that the Constitution of the new controlled entity is approved by 5 August 2005 to enable the transfer of assets from the UNE Union to the new entity.

**2. Proposed Decision**

It is recommended that the Council:

- ♦ Approve the Constitution and the Deed of Company Arrangement of the new entity for the establishment of Services UNE.

**3. Background**

At the special Council meeting held on 24 June 2005, the Council resolved, *inter alia*,

THAT

1. THE UNIVERSITY ESTABLISH A NEW COMPANY CAPABLE OF ACCEPTING THE ASSETS AND OPERATIONS OF ANY OR ALL OF THE ORGANISATIONS, THE UNE UNION, SPORT UNE, UNESA AND UNEPA WITHIN THE FRAMEWORK SUGGESTED BY THE RECEIVER/MANAGER OF THE UNE UNION.

A working party, consisting of the Chancellor, the Executive Director (Business & Administration), the Receiver/Manager of the UNE Union, the University Lawyer and the Chief Executive Officer of the UNE Union, met on 20 July to discuss issues relating to the establishment of the new controlled entity (refer to Attachment A).

The main issue was whether to sell Tattersalls Hotel, in line with the Receiver/Manager's recommendation (refer to Attachment B) or to leave that decision for the Board of the newly established entity to make.

Matters that required clarification to allow the working party to make a decision were:

- whether Stamp Duty would be required to be paid for the transfer of the hotel to the new entity;
- whether Capital Gains Tax would be payable on the sale of the hotel; and
- whether the new entity would be disadvantaged in its ongoing operations without the availability of the Tattersalls Hotel's off-site liquor license.

With respect to the Capital Gains Tax, the CEO of the UNE Union has indicated that UNE Union Ltd is seeking a private ruling for exemption from Federal taxes, which includes Capital Gains Tax and that this process is in train. The UNE Union is exempt from Federal taxes and it is anticipated that the exemption for the UNE Union Ltd will be provided.

The CEO also reported that the unavailability of the Tattersalls Hotel's off-site liquor license would not impact materially on the future operations of the new entity as alternatives were available.

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The main issue, therefore, was whether Stamp Duty would be required to be paid for the transfer of the hotel to the new controlled entity. As it was estimated that this could be in the vicinity of \$150,000, it was an important consideration in deciding whether to sell the hotel now or leave it to the new Board. However, as a result of a series of discussions involving the local Member of Parliament, Mr Torbay, the Chancellor, the Executive Director (Business & Administration) and the Receiver/Manager, advice was received from the Commissioner of Taxation that there would be a Stamp Duty exemption on the transfer of the hotel to the new controlled entity.

Therefore, it was agreed that there be a recommendation to Council to allow the new Board to make a decision on the future of the Tattersalls Hotel ownership.

In accordance with the Council resolution, it is recommended that the University proceed with the establishment of the new entity in line with the attached Constitution and Deed of Company Arrangement.