

# LEGISLATION ADVISORY COMMITTEE

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12 October 2007

Chair  
Commerce Committee  
Parliament Buildings  
**WELLINGTON**

## **LIMITED PARTNERSHIPS BILL**

### **Introduction**

1. This submission is from the Legislation Advisory Committee (LAC), which was established to provide advice to Government on good legislative practice, legislative proposals, and public law issues. The Committee produces and updates the LAC Guidelines adopted by Cabinet as appropriate benchmarks for legislation.

### **Purpose**

2. The Committee wishes to draw the Select Committee's attention to an issue in clause 27 of the Bill relating to the delegation of legislative power.

## **Submission**

3. Clause 27 of the Bill limits the liability of a limited partner who does not take part in the management of the business. The key to the exemption is the limited partner's isolation from the management of the business. To assist limited partners to stay within the exemption, regulations to be made under the Bill will specify activities that do not constitute taking part in the management of the business - clause 27(3). It is not clear why, given the importance of this provision, the matters to be specified in regulations cannot be set out in the primary legislation. In Victoria and New South Wales, the safe harbour provisions appear in the primary legislation (Partnership Act 1892 NSW, s 67(3), Partnership Act 1958 VIC, s 67).
4. The Committee does not wish to appear to speak to the submission.

Yours sincerely

Sir Geoffrey Palmer  
**Chair of the Legislation Advisory Committee**