

# The Treasury

## South Canterbury Finance Limited Information Release

### Release Document

April 2011

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(i) - to protect trade secrets
- [3] 9(2)(b)(ii) - to avoid unreasonable prejudice to the commercial position of the person who supplied the information or who is the subject of the information
- [4] 9(2)(ba) - to protect information that is subject to an obligation of confidence, or that was or could be provided under legal compulsion, where making the information available would be likely to prejudice the supply of similar information and it is in the public interest for that information to continue to be supplied
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [7] 9(2)(h) - to maintain legal professional privilege
- [8] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [8] appearing where information has been withheld in a release document refers to section 9(2)(i).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

**From:** Craig Murphy  
**Sent:** Tuesday, 30 June 2009 4:04 p.m.  
**To:** [1]  
**Cc:** Stephen Revill  
**Subject:** RE: Possible Meeting  
**Attachments:** image001.jpg; image002.jpg; img-6301138-0001.pdf

Hello [1]

As discussed today, it is not appropriate for us to meet until John Park is back, but that you for the opportunity.

Please find attached our letter in regard to SCF's forthcoming related party transaction. A hard copy is in the post.

Regards,

**Craig Murphy | Senior Analyst | The Treasury**

Tel: +64 4 472 2733 | [craig.murphy@scf.co.nz](mailto:craig.murphy@scf.co.nz)

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**From:** [1] [stephen.revill@scf.co.nz](mailto:stephen.revill@scf.co.nz)

**Sent:** Friday, 26 June 2009 2:50 p.m.

**To:** Craig Murphy; Stephen Revill

**Subject:** Possible Meeting

Dear Stephen and Craig

I would like to determine your availability for a meeting with Lachie McLeod and I next Thursday?

Thanks in advance

[1]  
..... Chief Financial Officer  
South Canterbury Finance Limited PO Box 125, Timaru 7940

T [1]  
F  
M  
E  
W [www.scf.co.nz](http://www.scf.co.nz)



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29 June 2009

[1]

South Canterbury Finance Limited  
PO Box 125  
TIMARU 7940

Dear [1]

**Related Party Transaction between Southbury Group Limited and South Canterbury Finance Limited.**

South Canterbury Finance Limited ("SCF") and Her Majesty the Queen in right of New Zealand, acting through the Minister of Finance (the "Crown") entered into a Crown Deed of Guarantee (Non-Bank Deposit Taker) on 19 November 2008 (the "Deed").

It is our understanding that on or about the 30<sup>th</sup> of June 2009 SCF is to undertake a related party transaction (the "Transaction") with its ultimate parent Southbury Group Limited ("SGL"). The brief details of the Transaction are outlined below;

SCF is to enter into a transaction to purchase SGL's interest in Dairy Holding Limited ("DHL"), being 33.59% of the ordinary share capital in DHL (537,370 shares).

Under the Transaction, SCF is to pay \$75,732,967 for SGL's interest in DHL which is to be settled by \$40,000,000 of shares (being 40 million shares in SCF) and \$35,732,967 in cash.

As SCF and SGL are related parties, and the Transaction is greater than 1% of SCF assets, under clause 6.2 (b) of the Deed Treasury is to approve an independent expert who is to prepare a report confirming the Transaction is on an arms' length basis before the Transaction can proceed.

The sequence of events as we understand it is as follows;

- On the 11th May 2009, SCF nominated two potential parties to act as an independent expert for a proposed Transaction.
- On the 21<sup>st</sup> of May 2009, we consented to the use of either of the independent experts proposed by SCF.
- On the 10<sup>th</sup> of June 2009, we received the independent expert's [1] of Morgan Wallace Limited ("MWL") terms of reference and draft opinion from [1] of SCF.

- On the 24<sup>th</sup> of June 2009, we received a draft of the independent expert's report and a draft opinion from [redacted] of MWL.
- On the 29<sup>th</sup> of June 2009 we received the final version of independent expert's report and opinion from [redacted] of MWL which considered the Transaction to be on arms' length terms.

Under clause 6.2 (b) of the Deed, Treasury is not required to consent to the Transaction. However, we draw your attention to fact that we are relying on the representations contained in the MWL report, specifically that the Transaction is on arms' length terms.

If you have any questions or require any further information, please do not hesitate to call me or Craig Murphy.

Yours faithfully

John Park  
Team Leader Guarantee Scheme