

# 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.

29 December 2009

South Canterbury Finance Limited  
7 Sophia Street  
PO Box 125  
TIMARU 7940

Attention: [1]

**Crown Consent to Related Party Transactions under clause 6.2 of Crown Deed of Guarantee (Non-Bank Deposit Taker)**

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

By letter dated 21 December 2009 from Forsyth Barr, and by letter dated 14 December 2009 from Harmos Horton Lusk, the Entity (who has confirmed those letters have been sent to Treasury on the Entity's behalf) applied to the Crown (the "Application") for Crown consents under clause 6.2 of the Deed to enter into the following transactions:

***The First Transaction***

1. Southbury Corporation Limited ("SCL") is a wholly owned subsidiary of Southbury Group Limited ("SGL"). SGL holds all of the ordinary shares in the Entity. Simultaneously with the giving of the guarantee referred to in paragraph 2, those ordinary shares will be transferred to SCL.
2. SCL is to issue convertible notes having a principal amount of up to \$50 million. The Entity is to guarantee the liability of SCL in respect of those convertible notes, and is to grant security in support of that guarantee. The consent of the Crown is sought to that guarantee.

***The Second Transaction***

3. SGL has granted securities to the Entity and to ANZ National Bank Limited (the "Bank"). At present, the security given by SGL in favour of the Entity ranks ahead of the security in favour of the Bank. The Bank and the Entity will enter into a deed of priority whereby the Bank's security will rank first for an amount of \$40 million plus two years interest, and the Entity's security will rank after the Bank's security. The consent of the Crown is sought to the entry into of that deed of priority.

(the "Transactions").

The Crown consents to the Entity's entry into the Transactions on condition that:

- (a) the information provided to the Crown in support of the Application, including all information relating to the nature of the Transactions was true and correct;
- (b) the Transactions are on terms no worse (from the Entity's perspective) than arms' length terms;
- (c) the Trust Deed relating to the issue of debt securities by the Entity (the "Trust Deed") permits the Transactions, all required consents of the Trustee in relation to the Transactions have been obtained before the Transactions are entered into, and any conditions on which the Trustee's consent is given are complied with;
- (d) as at the date of this consent, there is nothing not already in the public domain in relation to the Entity's related party transactions or the Entity's policies regarding related party transactions that would or would be likely to receive adverse comment in or in respect of its financial statements, or in respect of any actual or proposed disclosure document issued or to be issued by the Entity; and
- (e) the Entity, as at the date of this consent:
  - (i) is not party to ongoing transactions entered into before the Deed was executed that, were they entered into after the Deed was executed, would require consent under clause 6.2 of the Deed; or
  - (ii) is not proposing to enter into any transactions that would require consent under clause 6.2 of the Deed,

that have not been disclosed to the Crown whether as part of the information provided to the Crown in support of the Application, or otherwise.

Yours faithfully

Dr Brian McCulloch  
Director, Financial Operations  
for Secretary to the Treasury