

Genesis Share Offer

Consultation with Iwi/Hapū

Hamilton, 14 November 2013

Disclaimer

The Crown is considering offering to the public shares in Genesis Energy Limited.

No money is currently being sought and no applications for shares will be accepted until after an investment statement containing information about the relevant offer of shares is available.

Why are we here?

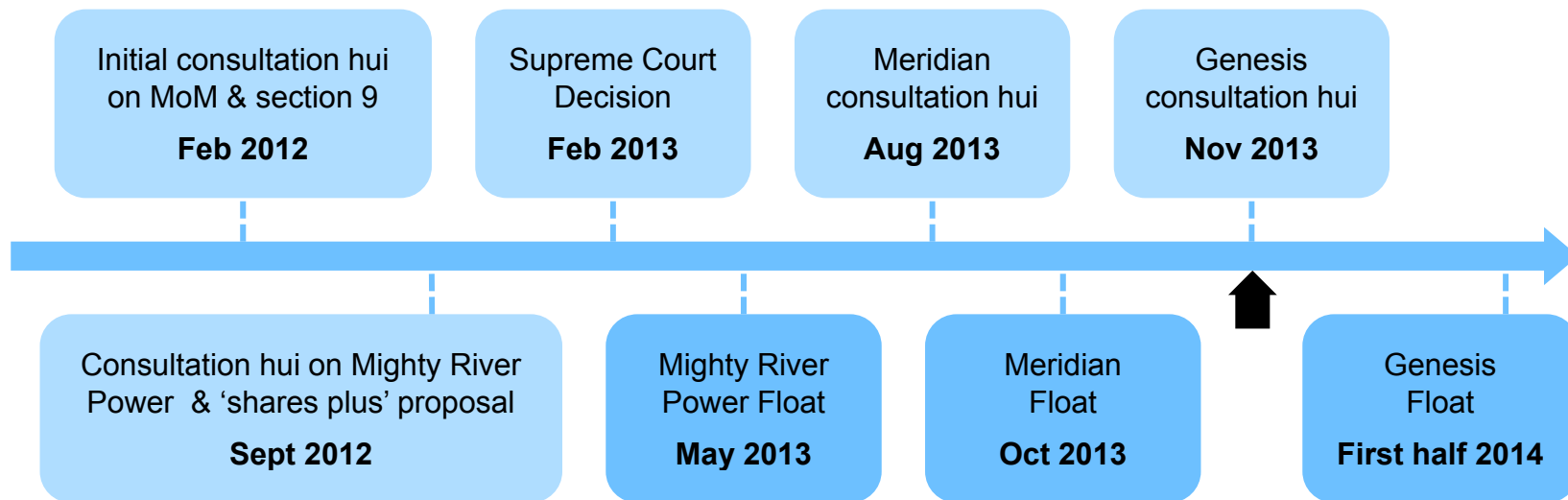
- The Crown is committed to good-faith engagement with its Treaty partner
- This includes early consultation on matters of importance to local iwi/hapu

The kaupapa of this hui is to:

1. Outline the Government's intentions for the Genesis share sale
2. Listen to issues that iwi/hapu have in relation to the share sale, so these can be properly considered by the Crown prior to any share sale
3. Respond to issues that iwi/hapu raise
4. Outline opportunities available to iwi

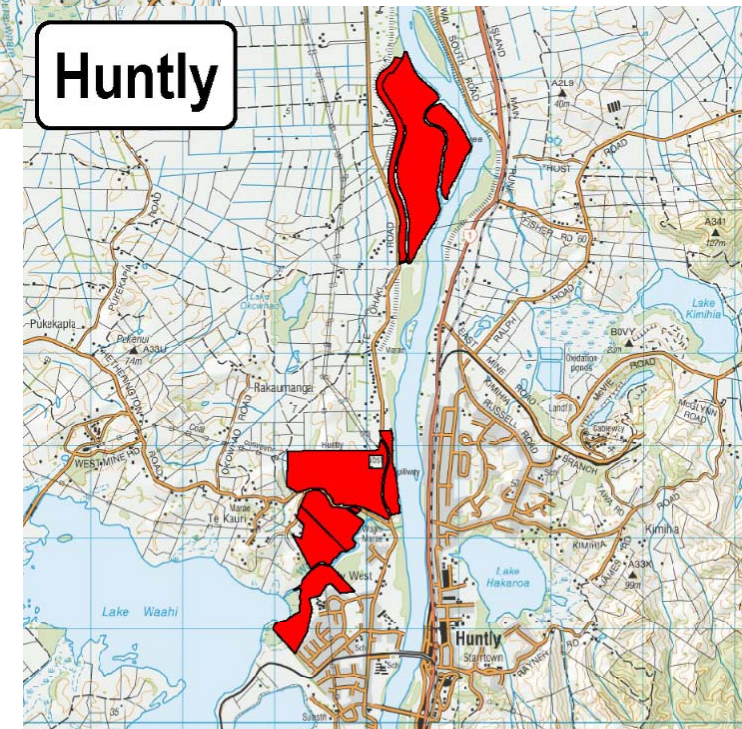
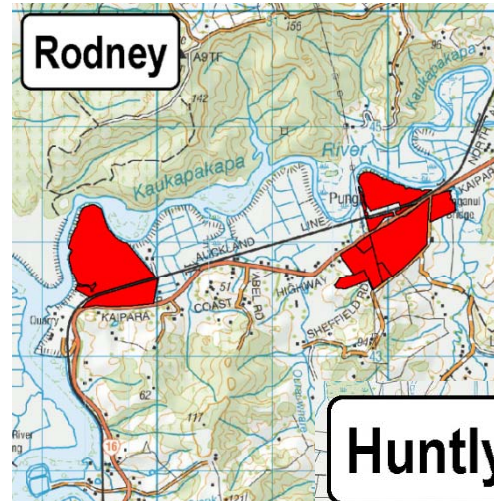
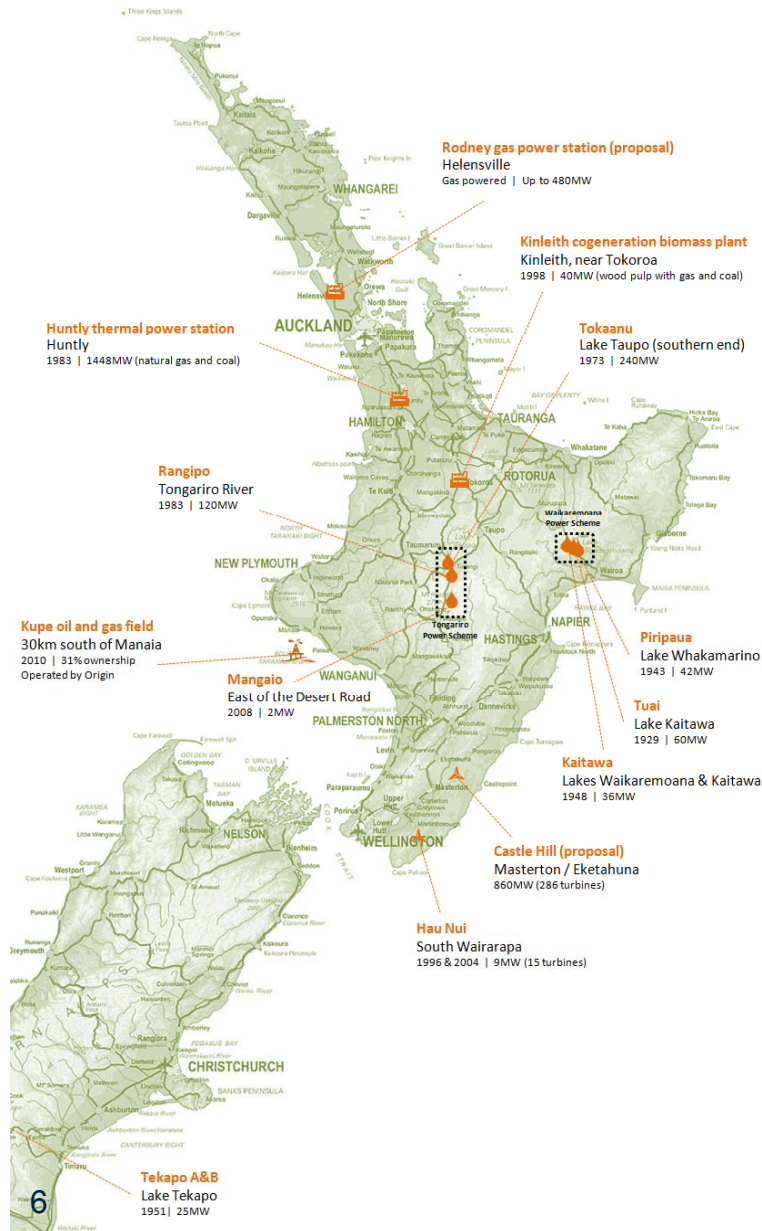
Background: where are we at in the process?

- The Government Share Offer programme is underway
- The Crown has conducted a series of consultation hui with local iwi/hapu throughout this process



- Genesis will be floated in the first half of next year (subject to market conditions)

Background: where does Genesis operate?



The Genesis float touches on important issues

- The Crown recognises that iwi/hapu have rights and interests in water
- The Crown has been progressively working through iwi/hapu rights and interests in water, through:
 - 1. Historical TOW settlements**
 - 2. Water and RMA reforms**

How the issues have been dealt with to date

- The Waitangi Tribunal found most forms of redress for iwi/hapu were still available
- The Supreme Court found that:
 - Sale of shares did not materially reduce the Crown's ability to redress Treaty breaches
 - Existing processes for resolving interests and rights were appropriate
 - Issues were complex and would take time to work through.

The Government is committed to these processes

- Water and RMA reforms are underway
- The Crown is working with the Freshwater Iwi Leaders Group (ILG) to ensure the reforms address:
 - Māori values, rights and interests i.e. the adoption of the ILG framework “Te Mana o te Wai”
 - Crown and Iwi agree on a water reform programme and work on specific priorities over a period of time.

The Government is committed to these processes

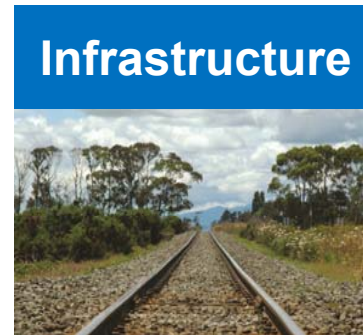
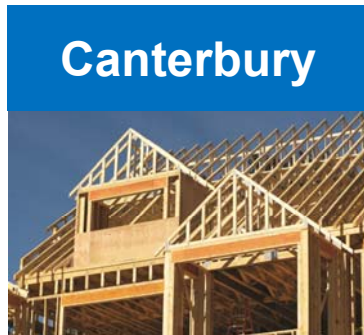
- These reforms are to better protect the environment and increase benefits to communities
- Reforms are being phased over time
 - Starting with fundamental measures to improve planning, science, information and iwi relationships with councils
 - Later stages will look at use, water consenting and allocation

The Government is committed to these processes

- Historical settlements are being progressed, and can give practical effect to iwi/hapu relationships with their water bodies
- For example:
 - Waikato River
 - Ngati Pahauwera Joint Planning Committee
 - Whanganui River settlement

Why is there a Share Offer Programme?

- Funding will be directed towards:



- This also provides an opportunity for New Zealanders to invest in large and proven companies
- It will improve the incentives for the companies to perform well

The Crown will retain control of Genesis

- The Crown will remain the majority shareholder:
 - A maximum of 49% of the company will be floated on the stock exchange and available for purchase (the Crown will have 51%)
 - Minority shareholdings will be limited to 10%
- The legislation that allows for the share sales protects the Crown-Iwi relationship:
 - The Supreme Court has confirmed that the Crown is bound to comply with the principles of the Treaty before deciding to sell any shares

Genesis provides commercial opportunities for iwi

- Anyone can invest through the public pool or through share brokers
- Institutions (including iwi/hapu and other Māori entities) can choose to invest through the book build process
- The Government has expressed a preference for New Zealand ownership of shares

What about iwi who have not yet settled?

- Following earlier consultation with iwi/hapu, the Crown has created a process to allow mandated but yet-to-settle iwi to buy shares
- Yet-to-settle iwi can access some of their settlement money 'on account' to invest in Genesis
- The Office of Treaty Settlements (OTS) are responsible for this process, and will be communicating with iwi ahead of the share sale

Questions & Discussion
