

# **The Treasury**

## **Mixed Ownership Model for Crown Commercial Entities: Treasury Advice Information Release**

**4 September 2012**

### **Release Document**

**[www.comu.govt.nz/publications/information-releases/mixed-ownership-model](http://www.comu.govt.nz/publications/information-releases/mixed-ownership-model)**

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

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information, or who is the subject of the information
- [3] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

**EXTENDING THE MIXED OWNERSHIP MODEL**

To: Minister of Finance (Hon English)  
Minister for State Owned Enterprises (Hon Ryall)  
Associate Minister of Finance (Hon Joyce)

From: John Crawford General Manager, Crown Ownership ([1])  
Andrew Blazey, Manager Commercial Transactions ([1])

**Progress Report on Preparations – Fortnight Ending 4 August 2011**

This progress report is the first fortnightly progress report on preparations for extending the mixed ownership model.

**Work Programme and Timetable**

- We are one week behind in our appointment of scoping study advisors, will make up that loss during the remaining 17 weeks of the work programme.

	Jul	Aug	Sep	Oct	Nov
<b>Phase 2 - Preparation</b>					
Appoint Scoping study advisors					
Scoping studies undertaken					
Appoint legal, and accounting panels					
Policy development					
Sales program advice developed					
Identify sales panel					

**Advisor selection**

- The status of appointments is as follows:

Advisor	Purpose	Status
Crown advisor	Advise on a sales programme	Completed
Panel of experts	Be available to Ministers and Treasury for assurance and testing issues.	Completed
Scoping study advisors	Complete an 8 week scoping study of each SOE	Four advisors selected. Contract negotiations to commence on 8 Aug, and studies are to commence on 15 Aug.
Legal panel	Advise on legal issues from the scoping studies	RFP issued responses due on 10 Aug
Accounting & tax panel	Advise on accounting and issues from the scoping studies	RFP issued, responses due on 17 Aug
Independent advisor	Oversee roles where the Crown advisor may be conflicted	RFP to be issued by end of August.
Sales panel	Identify firms capable of performing a sales syndicate role.	RFP to be issued in October

## Scoping Studies

- Eight firms responded to the RFP to complete scoping studies. We shortlisted five candidates and selected four firms, one for each SOE. The selection is:

SOE	Investment bank	Principal contact
Genesis	Goldman Sachs	Andrew Barclay
Meridian	First NZ Capital	Rob Hamilton
Mighty River Power	Macquarie Capital	Martin Wight
Solid Energy	UBS	Jonathan Oram

- Contracts are to be confirmed in the coming week. We have negotiated a uniform fee of [4] for each scoping study. Each bank is to enter a confidentiality deed with Treasury which will include confidentiality obligations to the SOE being scoped.
- SOEs were asked for their views on the firms with whom they would work well. In the majority of cases, firms were able to be assigned their first or second choice.
- Ansarada is to supply a secure, internet-based dataroom to each SOE to make documents available to the scoping study advisor. The SOE is paying for this cost and is able to monitor who views its data and can disable access.
- Treasury and SOEs are not planning to issue a media release on the appointment of scoping study advisors. Any material to be released by the advisors is to be approved by Treasury in advance.

## SOE Monitoring

- Genesis and Meridian have completed and business plans and sent copies to shareholding Ministers [T2011/1573 and T2011/1579 refer]. The documents were prepared by the companies on a business as usual basis, as final decisions on mixed ownership have yet to be taken.
- The business plans and SCIs for Mighty River Power Solid Energy are due with shareholders by 1 September 2011.

## Policy Issues

- Reported to Ministers on mechanisms for achieving widespread participation [T2011/1578 refers].
- Report to be delivered to you on 5 August on foreign ownership ahead of meeting the PM on Monday 8 August.

## Other Matters

- Two OIA requests have been submitted regarding the appointment of the Crown advisor, and Treasury's engagement with Iwi on mixed ownership. We are liaising with the MoF's office on the material.
- Treasury is to meet SOEs on 15 August for the first meeting with scoping study advisors. We will then meet each scoping study advisor for weekly updates.
- We have tentatively scheduled a meeting with the four SOE chairs on 29 August to discuss possible governance arrangements for mixed ownership.
- Met Ministers on 3 August. Introduced the Crown advisors, discussed the work programme and the other matters in this progress report.