

The Treasury

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

4 September 2012

Release Document

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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)(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
- [4] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [5] 9(2)(h) - to maintain professional legal privilege
- [6] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice, or
- [7] Information is out of scope or not relevant.

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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.

18 August 2011

SE-1-3

CROWN OWNERSHIP
MONITORING UNIT**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 18 August 2011**Work Programme and Timetable**

- Key actions have been completed on time in the past fortnight, specifically:
 - Scoping study advisors were appointed with contracts and confidentiality deeds executed.
 - The commencement meetings between Treasury, the advisors and the management teams of each SOE have taken place.
 - Each SOE has placed documents in their respective electronic datarooms.
 - Firms for a legal panel have been shortlisted.

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	Completed
Legal panel	Advise on legal issues from the scoping studies	Shortlist selected, interviews commenced.
Accounting & tax panel	Advise on accounting and issues from the scoping studies	Responses received.
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

- Scoping studies commenced on time on 15 August. SOEs will be able to comment on the reports from 7 October. SOE comments will feed into the sales programme advice to Ministers.
- We will place a notice on the Government procurement website, GETS, on 19 August advising of the successful appointments for scoping study advisors and the cost of the contracts.
- Scoping study advisors are to provide Treasury and the relevant SOE with details of any stakeholder meetings to ensure a 'no surprises' and co-ordinated approach.
- We have sent courtesy letters to Crown financial institutions and the NZX advising that scoping study advisors may contact them to seek views about the SOEs and capital markets.
- Genesis and MRP plan to use a helicopter to take the advisors to see some of the generation assets. SOEs have done this in the past given the difficulty accessing some locations.

SOE Monitoring

- A report on the Might River Power business plan and SCI has been sent to shareholding Ministers [T2011/1830 refers].
- Next week Steve Rich will commence work on all the director positions which come up for consideration in early 2012. The work will include positions in mixed ownership companies. This is an operational matter, but we are flagging it as the four companies are likely to be more sensitive about actions relating to boards.
- A COMU report is being prepared on Treasury's work to increase dividends to the Crown. In terms of MOM companies, that work will commence once the findings of the scoping studies are known.

Policy Issues

- Our next policy reports to you will cover regulatory regimes in relation to mixed ownership, and a follow-up report on foreign ownership in light of the discussion with the PM on 8 August.

Other Matters

- On 17 August, Meridian held its regular investor presentation to domestic institutions and media. It was attended by around 30 people, approximately three times the number who attended the previous presentation.
- The next meeting of MOM chairs is taking place on 31 August at Treasury to discuss possible governance arrangements under mixed ownership.
- We have reported to you on the proposed sale of the Whirinaki reserve generation plant given its potential impact on mixed ownership [T2011/1832 refers].