

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.

1 September 2011

SE-1-3



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 1 September 2011

Work Programme and Timetable

- Scoping studies continue on time. On 30 and 31 August each advisor has given Treasury a summary of issues and risks based on their assessment after two weeks. We will be reporting to you shortly on those issues and risks.
- We have completed the appointment of a legal panel which comprises Bell Gully, Chapman Tripp, Russell McVeagh, and Simpson Grierson. No one firm is guaranteed work and the appointment of four firms helps manage conflicts of interest and gain access to specialist expertise.

Advisor selection

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	Completed
Legal panel	Advise on legal issues	Completed
Accounting & tax panel	Advise on accounting and issues	Interviews completed
Independent advisor	Oversee roles where the Crown advisor may be conflicted	Issue RFP in week of 4 Sep
Sales panel	Identify firms capable of performing a sales syndicate role.	Post election

- [2]

Scoping Studies

- The SOEs have prepared high quality material for their respective datarooms which is greatly assisting the investment banks scope each company.
- Scoping study advisors have given us a list of the issues and risks they have identified from their initial investigation of each company. We are building these issues and risks into our work programme.

SOE Monitoring

- All five companies identified for mixed ownership have reported their end of year financial results.
- CTG reports in the next two weeks will cover the end of financial year performance of the electricity SOEs relative to their listed peers.
- Hon Ryall has agreed to extend the deadline for Solid Energy to submit its statement of corporate intent to 30 September

Policy Issues

- Reported to Ministers on foreign ownership restrictions [T2011/1710 and T2011/1884 refer].
- Reported to Ministers with a scan of the regulatory environment relative to mixed ownership [T2011/1938 refers].
- CTG reports in the coming two weeks will cover corporate governance issues.

Other Matters

- On 31 August we met the chairs of the four SOEs for a discussion on governance and an update on scoping studies. Chairs asked whether they could collectively meet shareholding Ministers before the election. We are checking available times with your offices.
- On 7 September you are scheduled to meet us to discuss progress on preparing for mixed ownership. We propose two topics: corporate governance options and issues from scoping the SOEs. We will report to you on both topics before the meeting.