

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.

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, a [3] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

13 February 2012

To: Minister of Finance
Minister for State Owned Enterprises

Cc: Associate Minister of Finance (Hon Joyce)

Mixed Ownership Progress Report: 13 February 2012

Work Programme

This week the commercial work streams commenced for implementing the first IPO:

- Corporate Finance
 - The work plan requires preparing material on: company value, corporate structure, credit rating analysis, dividend policy, dividend reinvestment plans, and disclosures in the prospectus. Draft results are expected from 27 February.
 - The JLMs are preparing a weekly update changes to the performance of comparable companies. When it becomes available, we will supply this material to your offices.
- Offer Structure and Institutional Marketing
 - JLMs met to discuss the offer framework, pricing mechanism, offer jurisdictions, roadshows, achieving widespread ownership, market research and the remaining syndicate positions. As these topics require specific decisions by Ministers, the JLMs are preparing papers on each topic to support the advice and the options.
- Logistics and Retail Marketing
 - Market Research and Printing firms are the two remaining services to be contracted. An RFP for market research services was posted on GETS last week (see below) and an RFP for printing services will be posted within the next 2 weeks.
- Communications
 - The work stream commences this week.
 - On 10 February John Crawford and Chris Major briefed Auckland journalists in an off the record presentation on the steps involved in an IPO.

Each work stream has a timetable and risk register which consolidates into an overall IPO timetable and risk register. We will brief you on these documents at our weekly meeting on 13 February 2012.

Procurement

- *Technology and Logistics:* The RFP has concluded a consortium proposal comprising Computershare (processing services), Reach Investor Solutions (web construction) and Solutions Dynamics (mailhouse) was the successful respondent. Feedback is now being offered to the unsuccessful respondents.
- *Market Research:* On 9 February a tender was posted on GETS for a market research firm to provide services regarding investor demand and a communications campaign. The tender is a competitive process in line with public procurement guidelines.
- *JLM legal counsel:* The Joint Lead Managers have appointed Russell McVeagh to advise them on legal matters.
- *US legal counsel:* Mighty River Power is investigating which US legal counsel it will contract as part of meeting the US jurisdiction requirements. Advice from the US counsel will be in favour of the Crown and the company. At this time we do not expect that the Crown will require separate US legal counsel.

Consultation and Legislation

The first week of hui delivered a fairly consistent set of messages. The two main issues were section 9 – where the message is to keep it – and water, where there is a strong feeling that the partial floats will compromise future claims Māori have over water. There is also a reasonable volume of feedback that the process doesn't provide enough time for issues to be understood, consulted with hapu, and worked up for submission.

Reports Completed

Date	Title	Type
9/2/2012	Aide Memoire: Mixed Ownership Model Bill – Revised Timing and Urgency Options for Progressing the Mixed Ownership Model	Aide Memoire
9/2/2012	Mixed ownership companies: relationships with iwi v2	Treasury Report
7/2/2012	Mixed ownership companies: relationships with iwi	Treasury Report
7/2/2012	Progress Report 3 February 2012	Aide Memoire

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John Crawford, Deputy Secretary, Commercial Transactions, [1]