The Treasury

South Canterbury Finance Limited Information Release

Release Document

April 2011

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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)(i) - to protect trade secrets

[3] 9(2)(b)(ii) - to avoid unreasonable prejudice to the commercial position of the person who supplied the information or who is the subject of the information

[4] 9(2)(ba) - to protect information that is subject to an obligation of confidence, or that was or could be provided under legal compulsion, where making the information available would be likely to prejudice the supply of similar information and it is in the public interest for that information to continue to be supplied

[5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand

[6] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[7] 9(2)(h) - to maintain legal professional privilege

[8] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

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, an [8] appearing where information has been withheld in a release document refers to section 9(2)(i).

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

From: [1]
Sent: Thursday, 26 August 2010 1:35 p.m.
To: ^MOF: Alex Harrington
Cc: John Park
Subject: Timeline.doc
Attachments: Timeline.doc

Importance: High

Timeline attached.

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Timetable

South Canterbury Finance Limited (SCF) is in breach of its trust deed and is expected to default on or before 31 August 2010.

This timeline outlines the expected course of events if the Government declines the SCF recapitalisation bid and proceeds with full payout and repayment of prior charge holders.

Today

- Government decision about whether to proceed with the SCF recapitalisation bid or prepare for receivership.

- If the Government does not support the SCF recapitalisation bid, and all pre-positioning is in place for the repayment of prior charge holders and full payout to depositors, then SCF is informed.

Friday 27 August

- Receivers appointed to SCF.

- If the Minister of Finance agrees to full payout, then Treasury will implement:

  - Repayment of SCF prior charge holders.

  - Payment made to SCF Trustee (post-default interest ceases at this point).

- Communications:

  - Trustee/receiver will announce SCF receivership, including their end of arrangements for repayment of prior charge holders and full repayment of debenture holders.

  - Treasury will announce full repayment of all SCF investors in eligible securities, and for other defaulted entities, arrangements to be announced in the coming weeks.

  - Ministers to respond to media queries as necessary (Treasury will provide Q&As for this today or first thing tomorrow).

Over next two to three weeks

- Payments are made to SCF depositors via a paying agent.

- Treasury works through details of making full payments with regard to the seven entities that have already defaulted under the DGS. Priority given to applying this approach to Allied Nationwide Finance, given its scale.

- Treasury to engage with the SCF receiver to ensure the Crown interests are appropriately reflected through the SCF receivership.

Paper flow - today

Treasury Report to be provided with necessary documentation to implement the full repayment of SCF debenture holders and the removal of prior charge holders.

Treasury Report will be provided on the final SCF recapitalisation bid.

Q&As to be provided today/tomorrow.

Facts about SCF

- Total Assets: $1.9bn
- Total debentures: $1.6bn
- Number of debenture holders approximately 30,000
- Current provision in Crown accounts for estimated net loss given default: $665m