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.
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, Deputy Secretary, Commercial Transactions[1]  
Andrew Blazey, Manager, Commercial Transactions[1]

Progress Report on Preparations – Fortnight Ending 26 October 2011

Work Programme and Timetable

• Scoping study advisors are refining their reports now that SOEs have provided comments to them. Treasury has also met with the majority of SOE boards to seek feedback on the findings of each report. These meetings have been very productive.

• The principal risk to implementing mixed ownership is the way in which consultation with Maori occurs relative to enacting legislation. On 25 October, we discussed this issue with the Minister of Finance. We are providing separate advice today to follow-up on that meeting.

• Notwithstanding the above risk,[6] The following dot points identify how we are doing that:
  
  – We are focusing on the extent to which impediments to sale can be overcome. This involves identifying two SOEs which might be ready for the first IPO, so that the MOM programme has lower risk relative to focussing on only one company for the first IPO.
  
  – Our legal advisors have prepared a draft due diligence framework on which we will seek views from the SOEs.
  
  – We are working on a detailed specification for the logistical requirements of an IPO. These include specifically, the technology solution needed for a website and call centre, a project office to co-ordinate the execution work, registry and banking services.

• We have selected Lazard, an international financial services firm with offices in Australia, as an independent advisor. This is a specialist role to assist with the design and appointment of a sales syndicate, complete independent quality assurance of the advice on a sales programme, and to advise on matters where Deutsche Bank may face a conflict of interest (eg. allocation and pricing). Notification will be placed on the GETS website on Monday 31 October.

• We have appointed Ernst Young, KPMG, Grant Thornton and Price Waterhouse Coopers to a panel for accounting services. As with the panel for legal services,
these firms are ready to be appointed to a specific IPO should there be a decision to implement mixed ownership.

SOE and Air New Zealand Monitoring

- No issues to update.

Policy Issues

- Reported to Ministers on 21 October on Commercial Regulation matters relating to mixed ownership [T2011/2282 refers].

Other Matters

- We are reviewing our reports and material documents in preparation for a proactive release of material on the Treasury website should Ministers consider it appropriate to release at the time of any announcement on mixed ownership.

- On 28 October we will be attending a conference hosted by University of Auckland (Professors Susan Watson and Jane Kelsey) on asset sales, corporatisation and PPPs.