

# The Treasury

## Landcorp Farming Ltd: Independent Review Information Release

December 2021

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Key to sections of the Act under which information has been withheld:

- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] Not in scope

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## T2021/646 Commercial Performance State of Play as at 24 March 2021

**To:** Minister of Finance (Hon Grant Robertson)  
Associate Minister of Finance (Hon Dr Megan Woods)  
Associate Minister of Finance (Hon David Parker)  
Minister for State Owned Enterprises (Hon Dr David Clark)

**From:** Shelley Hollingsworth, Manager, Commercial Performance  
Maureen van der Lem, Manager, Commercial Performance

This report provides an update on current issues in relation to commercial entities and multiple objective entities within the Crown portfolio. Please tick a box if you would like more information on a topic.

[40]

Pages 2-4 have been removed from this document as they are out of scope

On 19 March 2021, shareholding Ministers received the final report into Landcorp's performance. The key conclusions/overview of performance have not changed markedly from those in the draft report, however, there has been some reorganisation in the way the report has been presented:

- Earnings before interest, tax, depreciation, amortisation and revaluations (EBITDAR) projections have largely not been met and variances are not fully explained by on-farm performance or commodity prices.
  - On-farm performance remains below sector benchmarks for return on assets but has improved substantially. However, health and safety and environmental impacts are better than sector averages. On-farm diversification has also significantly improved profitability.
  - Off-farm ventures [25] have significantly underperformed [25], [34]
- **Landcorp – Independent review**
- (Amanda Wilson)
- Corporate overheads, [37] are assessed as high and are, in part, due to choosing a complex business structure which the review questions.
  - There are weaknesses noted in the financial systems, consistently changing performance targets, competency and transparency issues [34]

The final report also highlights key themes around governance and direction, competency and ambition, as well as business planning processes. These provide useful insights into the underlying causes for performance and guidance around next steps.

The Treasury is continuing to work through the final report and engaging with Dr Warren Parker (Chair) to understand Landcorp's views and how it intends to respond. The Treasury will then provide fulsome advice to shareholding Ministers, including options and next steps, around 7 April 2021.

[40]