

Reference: 20240073

6 March 2024



Dear 

Thank you for your Official Information Act request, received on 7 February 2024. You requested:

*All documents the Minister for State Owned Enterprises or any member of their Office has received from Treasury on the topics of "ownership policy statement" for State Owned Enterprises, or "ownership purpose statements" for any individual SOEs, from 27 November 2023 to 31 January 2024, by title and date.*

### Information being released

As you will be aware, our Briefing to Incoming Shareholding and Responsible Ministers said that we intended to engage with Ministers “on the development of an ownership policy statement and individual company and entity ownership purpose statements, to confirm the Crown’s purposes for its interest in individual companies and entities”. This briefing is publicly available on the Treasury’s website at:

<https://www.treasury.govt.nz/sites/default/files/2024-01/bim-shareholding-2023.pdf>.

There is only part of one Treasury report which is within the scope of your request. I have decided to release the relevant parts of this report in full, and it is attached to this letter.

This report summarised the Treasury’s previous advice on the idea of a holding company for State-owned enterprises. This is outside the scope of your request. Paragraphs 17-25 of this report discussed our forthcoming advice on an ownership policy statement and individual company and entity ownership purpose statements, as discussed in our Briefing to Incoming Shareholding and Responsible Ministers. These paragraphs from this report are within the scope of your request and are being released to you.

For your information, other than paragraphs 17-25 of this report and our Briefing to Incoming Shareholding and Responsible Ministers, during the period between 27 November 2023 and 31 January 2024, we did not provide any documents to the Minister for State Owned Enterprises or any member of his office regarding an ownership policy statement or any ownership purpose statements.

Please note that this letter (with your personal details removed) and enclosed document may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Ann Webster  
**Manager, Commercial and Institutional Performance**

# 20240073

## Table of contents

---

1.	<a href="#">Extract - T2023/2113 Background to a holding company</a>	1
----	--	---

## **Extract - T2023/2113: Background to a holding company**

### **Considering the purpose for Crown ownership**

---

17. Our previous advice on a holding company, in 2019, and earlier, had the underlying assumption that the primary purpose for the Crown to own most SOEs is to generate commercial returns for the Crown as shareholder.
18. If this is the purpose for owning SOEs then a holding company may have some advantages, subject to the considerations on composition above.
19. However, the evidence suggests that successive governments have not owned most SOEs with the sole purpose of generating commercial returns. Instead, governments have, either implicitly or explicitly, had public policy purposes for owning at least some SOEs.
20. If an SOE is owned for a purpose, then a government may not be willing to transfer ownership of that SOE into a holding company, as the holding company might then choose to sell it. Even if the holding company was restricted from selling a particular company, it may still be more difficult for Ministers to achieve their purpose for Crown ownership, by making the company further removed from Ministers.

### ***Implications for a holding company***

21. Our view is that Ministers should start by considering their purpose for owning particular commercial entities. We note that the Crown's purpose for owning an SOE is not the same as the company's own purpose.
22. We would recommend a holding company approach is only considered for entities where the Crown's ownership purpose is to generate a commercial return, and there are no public policy reasons for ownership. In that case, as with Temasek, the holding company would use its subsidiary entities to help it achieve that purpose – including having the freedom to reduce its shareholding in its subsidiaries, if it wished to (perhaps within limits set by the Crown).
23. If Ministers have a purpose for owning a particular company, beyond generating commercial returns, then our view is that company would be less suitable for inclusion in a holding company.

### **Focusing on purpose is an alternative to a holding company**

---

24. In our briefing to you as incoming Minister for SOEs, we outlined the benefits from having a clear and specific statement of the purpose for the Crown owning entities. These benefits include a greater ability to focus on delivering on the Government's priorities, and a greater impact from using Ministerial levers to improve entity performance. We recommended that the Government agrees to develop purpose statements for individual entities that set out the public policy reasons why the Crown owns that entity (distinct from the entity's own purpose).
25. We intend to provide you with further advice on ownership purposes in the new year. We would like to discuss this with you, as we think clarity of ownership purposes will support the developments of more focused and effective letters of expectation for entities.