



## Office of Hon Todd McClay

MP for Rotorua

Minister of Revenue

Minister for State Owned Enterprises

Associate Minister of Foreign Affairs

Associate Minister of Trade

**2 5 SEP 2015**

Mr L Stoneley

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Dear Mr Stoneley

Thank you for your Official Information Act request, received on 28 August 2015. You requested the following:

- “1. Please provide a table with the following information:
  - a. The name of the SoE that was sold
  - b. What percentage was sold
  - c. How many shares were sold
  - d. What was the total income the Government received from the sale of that percentage/shares asset
  - e. Were there any other information about the profit or proportions sold
  - f. What was the total income from all of the above combined that was added to the “Future Investment Fund”
2. This website shows the total income from the SoE sales should be at least \$4.7 billion: <http://www.treasury.govt.nz/budget/2015/execsumm/14.htm>”

Given your reference to the \$4.7 billion of proceeds, you are asking about the Government Share Offers programme that was carried out between 2011 and 2014, rather than earlier SOE sales processes that were undertaken by previous governments.

The table with the information you have requested in your questions 1a to 1d and 1f is:

Name of company	Percentage sold	Shares sold	Proceeds (\$m)
Mighty River Power	48.82%	683,513,209	1,686.1
Meridian Energy	48.98%	1,255,413,626	1,883.8
Air New Zealand	20.15%	221,336,465	365.2
Genesis Energy	48.77%	487,680,234	733.5
<b>Total proceeds</b>			<b>4,668.6</b>

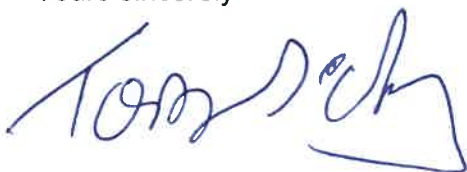
The total proceeds figure of \$4,668.6 million was added to the Future Investment Fund, as set out in the Budget document that you referred to.

In relation to your question 1e for any further information:

- the number of shares and percentages sold for Mighty River Power and Genesis Energy include loyalty bonus shares. These shares were initially held by the Crown, and then transferred to eligible investors after the appropriate period of time (two years for Mighty River Power and one year for Genesis Energy)
- at the time of the Mighty River Power and Genesis Energy share offers, the Crown set aside sufficient loyalty bonus shares on the assumption that 100% of potentially eligible investors would still be eligible after the appropriate period of time. However, small number of investors forfeited some or all of their loyalty bonus shares (e.g. because they had sold the shares they purchased in the share offer) and as a result the Crown has retained these shares. This is the main reason why the percentages sold are slightly less than 49%
- the percentage sold for Meridian Energy is fractionally less than 49% because of 456,374 shares that were not allocated to investors in the share offer and were therefore retained by the Crown. There were similar small numbers of shares in Mighty River Power and Genesis Energy that were not allocated to investors
- the percentage sold for Mighty River Power in the table above is based on the number of shares on issue in the company at the time of the share offer (683,513,209 shares sold, including loyalty bonus shares, out of 1,400,012,517 shares in total = 48.85%)
- following listing, Mighty River Power purchased a number of its own shares under a share buyback programme, and as a result currently has 1,377,070,009 shares in total (excluding treasury stock). The Crown did not participate in this buyback, and as a result the number of shares in Mighty River Power owned by the Crown (which did not change) now represents a slightly higher percentage of the company. As of today, the Crown owns 52.00% percent of Mighty River Power, even though the Crown sold 48.82% of the company (and therefore retained 51.18%) in May 2013 – i.e. Mighty River Power's share buyback programme has increased Crown ownership of the company by 0.82%, and
- the Air New Zealand transaction as part of the Share Offers programme involved the Crown reducing its shareholding in the company from around 73% to around 53%.

This fully covers the information you requested.

Yours sincerely



Hon Todd McClay  
**Minister for State Owned Enterprises**