

# **Takeovers Panel**

## **ANNUAL REPORT**

**for the year ended 30 June 2013**



**TAKEOVERS PANEL**

**G.62**

Laid before the House of Representatives pursuant to sections 150-157 of the Crown Entities Act 2004.

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## **CHAIRMAN'S REPORT**

I am pleased to present the annual report of the Takeovers Panel for the 2012/2013 financial year.

The 2012/2013 year was similar to the previous year in that corporate activity regulated by the Takeovers Code was variable, with a significant increase in activity before Christmas 2012 and then fairly flat activity to 30 June 2013.

The unpredictable nature of Code-regulated activity, in terms of resource pressures on the Panel members and the executive, creates challenges. However, the adaptability of the Panel's team to switch from monitoring and enforcement work to policy development work or to a public education focus enables the Panel to manage its resources appropriately, and to achieve its goals.

Accordingly, in between its monitoring and enforcement work, the Panel completed the final stages of a technical review of the Code, culminating in the passage of amendment regulations. It also made recommendations for law changes to substantial security holder disclosures so that equity derivative positions are included in the disclosures. The Takeovers Panel's main strategy continues to be to focus on its objective of promoting a transparent and equitable takeovers market.

### **The Panel's strategic goals – outcomes and impacts**

Through its role as a regulator within the capital markets, the Panel contributed to the Government's goal for 2012/2013 of growing the economy to deliver prosperity, security and opportunities to all New Zealanders. The goal of increasing confidence and participation in the financial markets provided the more immediate context for the Panel's work.

The Panel is focused on achieving the following outcomes over the medium term:

- maintaining an efficient takeovers market;
- reducing transaction costs for investors; and
- increasing confidence in the integrity of the takeovers market.

The Panel contributes to these outcomes by using its resources to ensure that the processes for Code-regulated transactions and events are transparent and equitable.

To achieve these outcomes, the Panel's services aim to accomplish the following three impacts:

- takeovers law being efficient, with improved information for shareholders, and the Panel being an efficient regulator;
- 100% compliance with the Code; and
- shareholders, acquirers, and their advisers being well informed about the role of the Code and of the Panel.

Enforcing the Takeovers Code is the Panel's primary focus. This means all Code-regulated transactions are actively monitored by the Panel's executive staff. In March 2013 the Panel exercised its 'hard' enforcement powers through holding a meeting under section 32 of the Takeovers Act 1993 in relation to a then current partial takeover offer for Radius Properties Limited.

The most significant part of the Panel's enforcement resource goes to the Panel's 'soft' enforcement activity whereby the Panel executive reviews and provides informal advice on Code-regulated documents while they are still in draft. This practice is well-received by the practitioners who advise those with obligations under the Code. This informal review process aims to achieve resolution of potential non-compliance before it arises, thus improving efficiency and ensuring a good level of disclosure for investors.

With transactional activity in the market for corporate control having been at times relatively light over the reporting period, the Panel's two other key roles, regulatory policy work and improving public understanding of takeovers law, have remained key areas of service delivery by the Panel.

## *Ensuring transparent and equitable takeover processes*

The Chief Executive reports on the Panel's enforcement actions, policy work and public education activities in her Report.

### **Panel Members**

The Panel comprises 11 members, who are required to be qualified or experienced in business, law or accounting. One of the members is also a member of the Australian Takeovers Panel, appointed under a reciprocal arrangement made between the governments of Australia and New Zealand. The Chairman of the New Zealand Panel sits as a member of the Australian Takeovers Panel under the same arrangement.

Two members retired from their Panel positions over the year. Colin Giffney had been a member since 2001 and Deputy Chairman since 2008. He retired on 6 January 2013. Keith Taylor had been a member since 2006 and retired on 2 April 2013. On behalf of the Panel I express my deep appreciation for the very significant contributions made by both Colin and Keith to the Panel's work.

Two new members were appointed to the Panel: Tony Pigou on 7 January 2013 and Tina Symmans on 3 April 2013. They have both been appointed for five-year terms.

Andy Coupe, who has been a Panel member since 2008, became Deputy Chairman when Colin Giffney retired. Andy's term of office has been extended to March 2017. The terms of office of three other members were also extended, as follows: Peter Scott (who is also a member of the Australian Takeovers Panel) until March 2014, Sue Suckling until September 2017, and my own until September 2015.

### **Executive Team**

The Panel's executive team was ably led throughout the year by Chief Executive Margaret Bearsley. The Chief Executive has worked closely with me over the year to provide the key link between the Panel and its executive staff.

### **Acknowledgements**

My thanks go to the members of the Panel for their dedication and willingness to take part in Panel work, often at very short notice. On behalf of the members of the Panel I thank the executive team for their commitment and professionalism during the past year.

I also wish to acknowledge the willing assistance of market participants in their dealings with the Panel in relation to the development of the Panel's policies. Finally, I acknowledge and thank the Minister of Commerce and officials from the Ministry of Business, Innovation and Employment (MBIE) for their constructive support of the Panel during the year.

D O Jones  
**Chairman**

## **MEMBERS OF THE TAKEOVERS PANEL**

### **CHAIRMAN**



#### **CHAIRMAN David Jones**

Lawyer. Partner of Jones Young, Barristers and Solicitors, Auckland, specialising in mergers and acquisitions and corporate law. Member of the Panel from its inception as an advisory group. Member of the Australian Takeovers Panel.

### **DEPUTY CHAIRMAN**



#### **DEPUTY CHAIRMAN Andy Coupe**

Former investment banker and now professional company director, with very extensive experience in public market takeovers and capital markets. Appointed to the Panel in 2008.

### **MEMBERS**



#### **Murdo Beattie**

Investment Banker. Partner of the investment banking firm of Cameron Partners Limited. Specialises in advising corporates on merger and acquisition transactions. Appointed to the Panel in 2008.



#### **Carl Blanchard**

Investment Banker. Director of investment banking at First NZ Capital. Specialises in advising on utilities, government and property transactions. Carl has been a member of the Takeovers Panel since 2011.



**David Flacks**

Lawyer. Partner of Bell Gully experienced in takeovers, mergers, securities law and corporate governance. Appointed to the Panel in 2011.



**Simon Horner**

Lawyer. Partner of Mayne Wetherell with extensive experience in mergers and acquisitions and securities offerings. Appointed to the Panel in 2011.



**Tony Pigou**

Corporate adviser and consultant. Experienced advisor on takeovers, merger and acquisition transactions and equity capital markets. Former New Zealand head of investment banking and equity capital markets for major international investment banks. Appointed to the Panel in 2013.



**Peter Scott**

Investment banker, based in Melbourne. Vice Chairman, Investment Banking, of UBS AG in Australia and a member of the Australian Takeovers Panel since 2002. Appointed to the Panel as the Australian Panel's representative in 2008.



**Sue Suckling**

Fellow of the NZ Institute of Directors with over 20 years' experience covering sectors spanning: agriculture, international marketing, electricity, education, health, banking, science and technology, manufacturing, education, service sectors, communications and government. Appointed to the Panel in 2002.



**Tina Symmans**

Experienced adviser to Boards of Directors and CEOs, through senior management positions within large corporations as well as independent consultancy. Experienced at managing significant commercial projects encompassing challenging negotiations with capital markets and government relations dimensions. Appointed to the Panel in 2013.



**Roger Wallis**

Lawyer. Partner of Chapman Tripp. Specialising in corporate and securities law. Member of the Listed Companies Association executive, the Institute of Directors, and former Chairman of the NZX Legal and Regulatory Advisory Board. Appointed to the Panel in 2011.

## **GOVERNANCE REPORT AND ADDITIONAL DISCLOSURES**

### **The Board of the Panel**

The members of the Panel comprise the governing body of the organisation. A meeting of all the members is a meeting of the Board for the purposes of the Crown Entities Act. The functions and powers of the Panel are set out at page 16 below.

In addition the Panel sets the organisation's strategic aims and reviews management's performance. It is responsible for appointing the Chief Executive, negotiating his or her annual KPIs, monitoring his or her performance during the year and reviewing that performance at the end of the year.

The Panel also sets the Chief Executive's remuneration, including an "at risk" component linked to achieving specified goals for the Panel.

The full Panel meets six times a year to conduct the governance functions of the Panel including the review of the performance of the Panel executive, review of the work of the various Divisions of the Panel, consideration of policy issues and relationships with stakeholders.

All Panel members work part-time for the Panel. They are paid an hourly rate or daily rate for Panel work. These rates are set annually by the Remuneration Authority.

### **Committees and delegations**

The Panel has an Audit and Risk Committee with authority to make some decisions on behalf of the Panel. The current Committee comprises:

Chairman:	Murdo Beattie
Members:	David Jones ( <i>ex officio</i> ) Carl Blanchard

The Audit and Risk Committee reviews the Panel's external reporting documents, financial forecasts and budgets, and the Panel's Risk Management Plan.

The Panel does not have a large enough staff to operate a separate internal audit process. However, strict separation of personnel is maintained between the banking, payments and payment authorisation processes. External review of receipts and payments is provided by the Chairman of the Audit and Risk Committee undertaking periodic spot checks.

The Panel's Chief Executive and Accountant/Administrator attend the Committee's meetings but are not members of the Committee. The Audit and Risk Committee meets with the Panel's auditors, Audit New Zealand, following each annual audit. For part of that meeting, management is excluded from the discussions.

In 2009 the Panel delegated the authority to the Chief Executive to approve independent advisers under the Takeovers Code for applications that are 'straightforward' (as defined under the terms of the delegation). Most adviser approvals are completed under the delegation. Since a meeting of a Division of Panel members is no longer required to decide these straightforward applications, this has resulted in speedier decisions at less cost to the applicants.

### **Divisions of the Panel**

For exercising most of its statutory powers the Panel meets by a Division of members. The Chairman appoints a Division for each matter, as it arises, that requires a Panel decision. This includes the consideration of exemption applications, and of applications from advisers for approval to act as an independent adviser, the considering of enforcement issues, etc.

A Division must be constituted with at least three Panel members. An appointed Division is "the Panel" for the purposes of the matter it is appointed to consider, and only that Division can exercise the Panel's powers in respect of that matter.



## *Ensuring transparent and equitable takeover processes*

### **Panel meetings**

All class exemptions have been considered at full meetings of the Panel because, until the coming into force on 5 August 2013 of certain provisions of the Legislation Act 2012, the Takeovers Act precluded Divisions of the Panel from considering class exemptions. Only the full Panel can review market practice and recommend changes to the law.

Panel member participation in Panel meetings, Division meetings, and Audit and Risk Committee meetings over the 2012/2013 year was as follows:

<b>Member</b>	<b>Panel meetings (maximum of 6 during year)†</b>	<b>Division meetings (37 during year)</b>	<b>Audit and Risk Committee (4 during year)</b>
David Jones	5 of 6	23	3
Andy Coupe	4 of 6	29	
Murdo Beattie	6 of 6	7	2
Carl Blanchard	5 of 6	21	2
David Flacks	6 of 6	15	
Colin Giffney <sup>+</sup>	2 of 2	9	2
Simon Horner	6 of 6	17	
Tony Pigou <sup>*</sup>	1 of 3	3	
Peter Scott <sup>**</sup>	6 of 6	0	
Sue Suckling	5 of 6	4	
Tina Symmans <sup>+++</sup>	1 of 2	1	
Keith Taylor <sup>++</sup>	1 of 3	0	2
Roger Wallis	6 of 6	5	

† Maximum number of Panel meetings that Members could attend is shown.

\*\* Based in Melbourne and is not asked to sit on Divisions.

+ Member until 6 January 2013.

++ Member until 2 April 2013.

\* Member since 7 January 2013.

+++ Member since 3 April 2013.

### **Dealing with conflicts of interest**

The ability to act by Division ensures that conflicted members do not form part of the Panel for dealing with matters in respect of which they have an interest, because no member who is interested in the matter is appointed to the Division. When matters are being dealt with that involve the full Panel, members who have an interest do not participate in the part of the meeting that relates to that matter, and nor do they receive the Board papers about that matter. The Panel maintains an Interests Register for recording members' interests in accordance with the Crown Entities Act.

Where an enforcement matter before the Panel involves a Panel member, either as a legal adviser to a person the subject of a Panel enquiry, or as their corporate representative (for example, as the director of a company that is the subject of a Panel enquiry), the Panel's governance rules require that the member does not appear before the Panel. Another partner of the member's firm must represent the client or another of the company's corporate representatives must represent the company.

### **Planning**

The Panel's main planning document is the annual Statement of Intent required to be prepared under the Crown Entities Act. The Panel develops a strategic plan each year in preparation for its Statement of Intent, and it keeps its business plans under review at each Board meeting.

### **Directions issued by the Minister**

The Panel has not been given any directions under any enactment by the Minister of Commerce during the course of the past year. As an independent Crown entity under the Crown Entities Act, the Panel cannot be directed to give effect to government policy, but it is subject to whole of government directions that do not affect the Panel's statutory independence.

## *Ensuring transparent and equitable takeover processes*

### **Permission to act when interested**

There were no occasions during the year when the Chairman of the Panel gave permission to a member, in terms of section 68(6) of the Crown Entities Act, to act in a matter despite being interested in that matter.

### **Obligations to be a good employer**

The Panel operates a good employer policy. The Panel values its employees and provides a supportive and stimulating work environment.

### Leadership, accountability and culture

Panel management is committed to leading by example in the work environment. All staff participate in organisational decisions that impact on them. The Panel has a comprehensive Staff Handbook which sets out the organisation's expectations for professional and collegial behaviour, including the Staff Code of Conduct.

### Recruitment, selection and induction

The Panel makes employment decisions based on merit. The Panel aims to be inclusive and it values diversity. The small size of the legal team and the specialised field of work means candidates must have solid tertiary qualifications and are selected on the basis of their academic record and their ability to work well within the team. In this context, diversity is a further positive element that candidates bring to the selection criteria.

As at 30 June 2013, the Panel's staff comprised five women and three men. The staff ethnicity and disability profile, together with the break-down of their work categories, is shown in the table below.

### **Employee characteristics as 30 June 2013**

Work category	Maori	Pakeha/European		Pasifika	Asian	Other ethnicity		Disability ?
		Full time	Part time			Full time	Part time	
Professionals		3	1			1		0
Administration Officers		1						0
Managers		2						0
<b>TOTAL</b>		<b>6</b>	<b>1</b>			<b>1</b>		<b>0</b>

### Employee development, promotion and exit

All staff have regular mentoring and support from management and are encouraged to support each other in a strong team-based culture. All staff have formal annual performance appraisals. The Panel makes internal promotions based on merit, and recruits externally where positions cannot be filled internally. The Panel encourages all employees to attend training and development opportunities in accordance with the Panel's Training and Development Policy.

### Flexibility and work design

The Panel accommodates flexible working arrangements to the extent possible. All staff have remote access capability to their work computers and are able to work from home. This accommodates family and personal needs and also contributes to the Panel's Business Continuity Plan.

## *Ensuring transparent and equitable takeover processes*

### Remuneration, recognition and conditions

Staff salaries are reviewed by the Chief Executive annually, taking into account individual performance, movements of salary in the public sector for comparable positions or experience, and any advice or directions from central government relevant to remuneration setting.

The gender pay gap of the Panel executive for the 2012/2013 year was 5% (i.e., in favour of men). This compares with 28% (in favour of men) in the previous year. The use of the median figure for establishing the gender pay gap in such a small organisation as the Panel can produce significant swings.

### Harassment and bullying prevention

The Panel has a Workplace Bullying and Harassment Policy. This policy encourages Panel employees to take action against any form of workplace bullying or harassment. The Panel has zero tolerance for bullying and harassment.

### Safe and healthy environment

The Panel promotes a positive work environment that celebrates achievements and important events in its people's lives. Staff have access to help when it is needed through an Employee Assistance Programme that provides confidential professional advice and counselling. The Staff Handbook includes advice on emergency procedures, and the usual office health and safety equipment is on site, as well as emergency provisions for disaster management.

## **CHIEF EXECUTIVE'S REPORT**

The Panel is an independent Crown entity established under the Takeovers Act. The Minister of Commerce is the Panel's responsible Minister. A brief description about the roles of the Panel and the Code is set out in the section entitled *About the Panel*, on page 16 below.

### **Minister's expectations of the Panel for 2012/2013**

For the 2012/2013 year the Panel was expected to provide services that result in reduced transaction costs for domestic and international investors and increasing confidence in the integrity of New Zealand's takeovers market. The Minister expected the Panel to achieve this through ensuring transparent and equitable takeover processes.

The Minister also expected the Panel's enforcement activities to promote confidence and certainty in the markets, to contribute to an efficient market for takeovers, ensuring broad participation by investors and thus contributing to the government's 2012/2013 objective of driving productive, non-inflationary growth.

In addition, recognising that the takeovers market was still experiencing only modest levels of transactional activity following the global financial crisis, the Minister expected the Panel to allocate its resources effectively to undertaking policy work for reviewing takeovers law and the Code.

The Statement of Service Performance, on pages 42 to 48 below, sets out in full the services that the Panel provided over the year, in accordance with the Government's expectations.

### **Operating environment**

In the lead up to Christmas 2012, the Panel found itself monitoring six new transactions (all of them takeovers) and it seemed as though the market had returned to its pre-financial crisis characteristics. However, only one new takeover was announced after Christmas and it wasn't until March 2013 that any other new Code-regulated transactions came before the Panel to be considered and monitored.

The overall number of transactions regulated by the Code was similar to the previous year (22 Code-regulated transactions in 2011/2012, 20 Code-regulated transactions in 2012/2013). On the other hand, the quiet start to 2013 in terms of Code-regulated activity was less a sign of an acquisitions market lacking in confidence (as has been apparent in the years since the global financial crisis) and more a sign of a market focusing its energy on capital raisings and on undertaking initial public offerings and listings.

The Panel balances its resources between its (usually) highest resource activity of enforcement, and its policy and public understanding functions.

### **Enforcement**

Every transaction that is regulated by the Code is monitored by the Panel executive and a high priority is given to reviewing draft documentation to assist practitioners with the Code's disclosure and other obligations. Some of the higher profile transactions that occurred over the year were the takeover of Fisher & Paykel Appliances Holdings Limited by Haier New Zealand Investment Holding Company, and the acquisitions of businesses by Veritas Investments Limited from Mad Butcher Holdings Limited and by EBOS Group Limited from Zuellig Group.

The greatest pressure on resource in the enforcement category occurred as a result of the Panel having been formally requested to hold a meeting under section 32 of the Takeovers Act in relation to Radius Properties Limited. The request was made in the late stages of the offer period of a partial takeover offer for Radius Properties. This meant that the Panel had to act quickly to preserve the positions of all the parties by issuing temporary restraining orders and then holding a hearing to determine the issues.

The hearing was held on 1 March 2013 and the offer closed on 2 March 2013. The Panel issued its determination, having found no breach of the Code, before 5.00 p.m. on 1 March and revoked its restraining orders. This enabled the offer to proceed to its conclusion. The Panel published the reasons for its determination on 19 April 2013. It made costs orders against the complainants in May 2013 and recovered c. \$77,000 (plus GST) from them.

## *Ensuring transparent and equitable takeover processes*

### Efficiency – policy work and exemptions

The Panel continued to focus resources on policy projects and completed some significant pieces of work over the year as well as having considered a number of complex exemptions from compliance with the Code.

The Panel completed the policy work on its technical review of the Code in the 2011/2012 year. The policy development process had begun in 2009. As a result of that process, the Panel made its recommendations in mid-August 2012 to the Minister, on a range of technical or low policy content amendments to the Code. The amendments to the Code came into effect on 1 June 2013.

Most of the amendments are quite technical and many are for the purposes of clarification. They are aimed at improving the efficiency of the takeovers market by making it easier both to understand and to comply with the Code's requirements. In addition, some of the amendments resolve drafting problems with the Code or increase its flexibility. This will reduce the number of individual exemptions that the Panel grants to deal with those problems.

In addition to completing the technical amendments to the Code, the Panel also consulted on a proposal for requiring disclosure of equity derivative positions under the substantial security holder disclosure regime and in the documents required under the Takeovers Code. In February 2013 the Panel made its recommendations to the Minister on this issue, and it is understood that the changes will be given effect under the Financial Markets Conduct Act 2013 and associated regulations.

The Panel engaged with policy officials from MBIE to assist with the last stages of the passage of the Companies and Limited Partnerships Amendment Bill 2012. This Bill contains the Panel's proposals for dealing with schemes of arrangement and amalgamations under the Companies Act that involve Code companies.<sup>1</sup>

The Panel also consulted on a Guidance Note that sets out the process and requirements for obtaining from the Panel a 'no objection statement' for a scheme of arrangement that involves a Code company. This will be a new area of work for the Panel should the Bill complete its passage through the House.

MBIE officials are also working on a review of the fees that the Panel is able to charge to third parties for various actions undertaken by the Panel. The review made little progress over the 2012/2013 year but has moved forward significantly since late June 2013.

The fees are chargeable under the *Takeovers (Fees) Regulations 2001* which have not been updated since they were enacted in 2001.

In relation to another area of policy work, the Panel had signalled in its 2012/2013 – 2015 Statement of Intent a possible significant policy review of aspects of the Code. The Panel has now decided that it is not necessary to undertake the review at this time. However, the Panel will continue to undertake focused reviews of the Code on an issue by issue basis as it has done in the past, as resources allow.

In addition to dealing with applications for individual exemptions from compliance with the Code as they arose, the Panel completed the work it had begun the previous year to grant a class exemption relating to changes of trustees of family trusts, subject to conditions that maintain the objectives of the Code. This class exemption came into force in August 2012 and it has reduced the number of individual exemptions the Panel is asked to consider. This reduces compliance costs for the shareholders affected.

### Knowledge – public understanding work

As policy work has moved to completion, the Panel has begun to increase the resource it puts into improving shareholders' and Code practitioners' knowledge about the role of the Code and the Panel. In March 2013 the Panel presented a webinar, giving an overview of the Code for legal practitioners who might be unfamiliar with how the Code could impact on their clients.

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<sup>1</sup> The Panel anticipates that, once the new regime for schemes of arrangement comes into effect and beds in, a significant proportion of takeovers will be undertaken under that regime. The reason for this expectation is that the proposals under the Bill are closely aligned with the regime that has operated in Australia for several decades, and around half of all takeovers are undertaken as schemes of arrangement in that jurisdiction.

## *Ensuring transparent and equitable takeover processes*

A sign of the success of the webinar has been in approaches being made to the Panel executive afterwards by several practitioners regarding how to deal with Code issues for their clients – issues that they previously had not realised needed to be dealt with.

The Panel is planning to maintain a stronger focus on ways to increase public understanding about the Code and the Panel over the 2013/2014 year.

Another forum that the Panel uses for communicating information about the Code to its stakeholders is informal one-to-one meetings conducted usually by the Chairman or Chief Executive on a relevant Code topic. These engagements provide opportunities for the Panel to share its news and views (i.e., to promote public understanding of the Code and the Panel) and opportunities for feedback to the Panel from the participants.

To better communicate its information, the Panel upgraded its website over the year. Positive feedback has been received from stakeholders about the new site. It is more intuitive for users and it has the added benefit of being more efficient for the Panel to operate.

All of the Panel's published guidance information for the market has been re-organised on the new website into specific topics for easy access. A project is underway to gradually consolidate and up-date all of the information into a single guidance document under each topic. This should make it easier for practitioners to find the guidance they need for the issues they are dealing with.

In the past, the Panel tended to focus its knowledge resources on practitioners and advisers. It is now beginning a new initiative with publications aimed at retail investors.

### **Achievements for the reporting year**

#### Economy and efficiency

##### *The Panel's operating income*

The Panel's funding for the financial year was mostly provided by Parliament, being \$1,494,000 (through Vote Commerce: Non Departmental Output – Administration of the Takeovers Code). In addition, the Panel received income of \$218,000 from third party funding for its chargeable activities.

Third party funding was very low for the previous two years, at \$104,000 in 2011/2012 and around \$170,000 in 2010/2011. In all prior years, third party funding generated income for the Panel of between \$300,000 and \$600,000 per annum.

The Panel continues to maintain robust controls on spending and a strong focus on internal efficiency to enable it to generally maintain a more or less break even position on its operating expenditure.<sup>2</sup> The Panel has managed to reduce its operating expenditure over the reporting period by 3%, although this has been partially off-set by the rising cost of salaries.

##### *Resources*

Panel members and the executive committed 12,364 hours of time to Panel work over the year, as compared with 11,745 in the previous year. The lower hours in the previous year were due mainly to being three months without a General Counsel (due to the Panel's previous General Counsel becoming Chief Executive on 1 July 2011), and one other lawyer leaving in November 2011 who was not replaced until March 2012.

The Panel's intellectual resources consist of the Panel members and the executive team of eight staff. The Panel's capital resources consist of \$139,000 of software, office equipment and furniture.

The Panel upgraded its IT system over the year. The project was completed on time and on budget and has significantly improved the Panel's internal efficiencies and records management processes. After

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<sup>2</sup> The biggest impact on the Panel's annual financial position is whether it holds section 32 meetings and, if so, whether the outcome of a meeting enables the Panel to make cost recovery orders against any parties. This is because of the expenses involved in holding each hearing. The Panel's costs for a section 32 hearing can be c. \$90,000 to \$250,000 (depending on where the hearing is held, how long it takes and whether the Panel requires the assistance of industry experts). If the Panel can make cost recovery orders, these orders might generate income of between \$75,000 and \$200,000. If the Panel does not make costs orders, then the Panel's costs for holding the hearing must be borne by the Panel.

## *Ensuring transparent and equitable takeover processes*

undertaking a closed tender process and with the assistance of an IT expert, the Panel found that it was able to self-fund the project at a total cost of \$114,000.<sup>3</sup>

### *Outputs*

Utilising its income and resources, over the 2012/2013 financial year the Panel provided the outputs described in the Statement of Service Performance on pages 42 to 48 below.

### Cost effectiveness of Panel

### *Impacts and outcomes*

For the Panel's 2012/2013 – 2015 Statement of Intent, the Panel identified three impacts that its services are designed to achieve:

- takeovers law being efficient, with improved information for shareholders, and the Panel being an efficient regulator;
- 100% compliance with the Code; and
- shareholders, acquirers, and their advisers being well informed about the role of the Code and of the Panel.

The outcome that the Panel's work contributes to is: reducing transaction costs for domestic and international investors and increasing confidence in the integrity of New Zealand's takeovers market.

The Panel's progress on these strategic aims is described under the section on pages 19 to 22 below, entitled *Measuring the Panel's Performance - Impacts and Outcomes*

### *Results of Panel's on-line survey*

For two full years now the Panel has been operating an on-line survey to collect data regarding its performance from the legal practitioners and independent advisers with whom it deals.

Over the 2012/2013 year the Panel sent 63 survey requests. Each request was sent shortly after the practitioner's involvement with the Panel executive reached its conclusion. The Panel received 45 responses, or a 71% response rate, with very positive feedback and engagement. The graph at the end of my Report provides a summary of the survey results. The survey has had the added benefit of providing a forum for respondents to raise any concerns that might not otherwise be brought to the Panel's attention, such as suggestions for improving the website or delivery of other services. The Panel has been able to act quickly on this feedback after it is received.

### *Stakeholder relations*

As the results of the 2012/2013 survey show (see page 15) 100% of respondents were satisfied with the Panel executive's processes and professionalism, 94.4% (17 out of 18) of independent adviser respondents were satisfied with the timeliness of having their applications processed by the Panel executive, and 100% of exemption applicants were satisfied with the timeliness of having their applications processed by the Panel executive. Of the respondents who commented on the Panel's guidance and other communications to the market, 97.8% (44 out of 45) found them overall to be useful.

The information set out in the next section of this annual report, coupled with the positive feedback that the Panel has received through its on-line survey, provides data that shows the Panel to be a cost effective service provider that is achieving its expected impacts and outcomes.

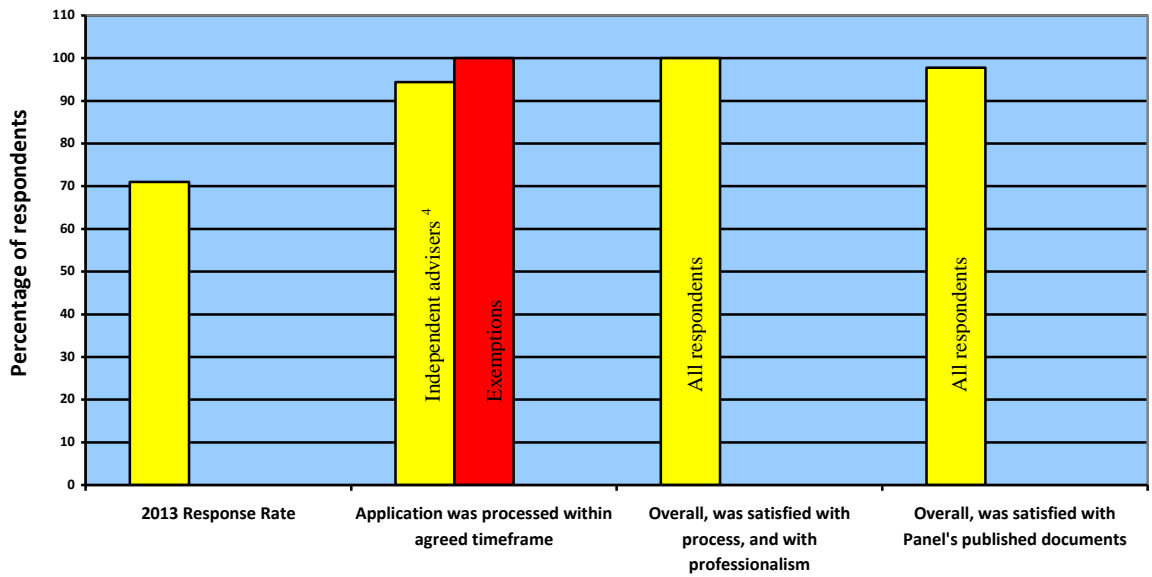
The Panel's executive staff are passionate about supporting the Panel's achievement of its goals. I am privileged to be leading a dynamic team of people who are totally dedicated to giving excellent service to the Panel, the market and the public of New Zealand.

Margaret Bearsley  
**Chief Executive**

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<sup>3</sup> The \$114,000 was allocated as follows: \$98,000 to software, \$8,000 to hardware, and the remainder expensed.

**Summary of On-Line Survey Results for 2012/2013**



<sup>4</sup> The 94.4% indicated for the timeliness of processing independent adviser applications relates to the perception of the adviser respondents. Note that this figure differs from the percentage reported in the Statement of Service Performance at page 44 which is based on internal records.



## **ABOUT THE PANEL**

### **Functions and powers**

The main functions and powers of the Takeovers Panel are set out in the Takeovers Act. In summary they are:

- To keep takeovers law and practice under review and to recommend to the Minister of Commerce any changes to the law that the Panel considers necessary;
- To investigate any act or omission for the purpose of exercising its enforcement powers or making applications to the Court:
  - issuing summonses and taking evidence on oath and accepting enforceable undertakings;
  - issuing restraining orders and making determinations;
  - applying to the High Court for permanent orders and for penalties;
- To promote public understanding of the law and practice relating to takeovers;
- To grant exemptions from compliance with provisions of the Takeovers Code.

Under the Code the Panel has the power to approve independent advisers and appoint independent experts.

### **A brief history**

The Takeovers Code came into force on 1 July 2001 after many years of debate in New Zealand about whether there needed to be such legislation. Prior to the Code's introduction, New Zealand had been one of the few market economies without a modern takeovers regime.<sup>5</sup>

The Code replaced the light-handed regime that was in place under the Companies Amendment Act 1963. The effectiveness of the regime under the Amendment Act was minimal, due to its exceptions. Offers could be made to six or less shareholders, or could be made through the Stock Exchange, without having to comply with the Amendment Act's provisions. Accordingly, taking control of a company could occur to the benefit of a few major shareholders, while the minorities were left with the effect of such transactions on their own investment in the company.

As part of the government's major corporate law review in the early 1990s the Companies Act 1993 and the Takeovers Act 1993 were implemented. The Takeovers Panel was established under the Takeovers Act and was given the task of recommending a takeovers code to the government.

The Panel recommended a code in June 1995. Several more years were to pass before the Takeovers Code was enacted, under the Takeovers Code Approval Order 2000.

As with other modern takeovers regimes, New Zealand's Code regulates the *process* of certain share transactions in companies. Under the Code, these transactions occur in an orderly fashion and all shareholders are subject to the same rules.

### **The Panel and the Code ensure transparent and equitable takeover processes**

The role of the Panel and of the Code is to ensure that all shareholders have a fair opportunity to participate in control-change transactions in Code companies (such as takeovers and allotments or acquisitions of parcels of shares). The Code also ensures that shareholders have adequate information to assist their decision-making for these transactions.

The Code achieves this through its two main purposes of *transparency* and *equitable processes*.

Transparency is achieved through the disclosures that potential acquirers have to make to shareholders in advance of the shareholders' decision on the transaction. The advice that shareholders are given by the

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<sup>5</sup> Bob Dugan, *Law, Economics and the Draft Takeovers Code*, (1996) 26 VUWLR 39.

## *Ensuring transparent and equitable takeover processes*

Code company's directors and by an independent adviser also contribute to the transparency of Code-regulated transactions.

The equitable processes that are supported by the Code relate to the mandated timeframes under which the steps of a takeover must occur, and the rules about the equality of offer terms and conditions for shareholders. For shareholder meetings for allotments and acquisitions, the Code ensures that only 'disinterested' shareholders vote on the resolution; the allottee or acquirer and their associates are not allowed to vote to approve the transaction.

The Panel supports these purposes of the Code through its statutory functions of enforcing the Code and of promoting public understanding of takeovers law and practice. The Panel's public understanding work contributes to the goal of many financial sector regulators, to improve the public's financial literacy.

The Panel focuses a significant proportion of its resources on ensuring that the Code is complied with. This impacts on the acquirer side of the takeovers market and on Code companies themselves. But compliance is not limited to these parties. Rule 64 of the Code, the 'truth in takeovers' rule that prohibits misleading or deceptive conduct in relation to Code-regulated transactions, applies to every person.

The Panel has strong enforcement powers under the Takeovers Act, including the power (under section 32 of the Takeovers Act) to hold hearings, and the power to take evidence under oath and to make confidentiality orders. The Panel also has the power to issue temporary restraining orders that prevent share transactions from being undertaken. It can also issue permanent orders requiring persons to publish statements or preventing persons from publishing statements. When exercising its enforcement powers, the Panel acts judicially, as a tribunal.

If the Panel's own enforcement actions are not sufficient to remedy a breach of the Code, the Panel takes action through the High Court to obtain permanent orders.

In cases where persons have committed serious breaches of the Code that materially prejudice shareholders or other parties, or that are likely to materially damage the integrity or reputation of New Zealand's securities markets, the Panel may apply to the High Court for a pecuniary penalty against the person in breach. A pecuniary penalty can be up to \$500,000 against an individual or \$5,000,000 against a body corporate, for each breach of the Code. To date, this remedy has not been sought.

### **The Panel's approach facilitates integrity in the takeovers market**

In the first few years of the Code's operation, the Panel held a significant number of section 32 hearings. As a result of these enforcement actions, the Panel published its determinations. These have established the Panel's interpretation of the Code on a number of specific fact situations. The Panel has also published articles, policies and guidance notes on how it interprets and enforces the Code.

These published 'rulings', together with the informal advice that is regularly offered to practitioners by the Panel's staff, along with the Panel's reputation as a decisive regulator, have all combined to create an environment under which it is now rare that the Panel needs to hold a formal enforcement hearing. This environment is supported by the generally co-operative nature of New Zealand's takeovers professionals.

As a result, most potential breaches of the Code are found and resolved while documents are still in draft. In the now rare case where an actual breach has occurred, it is almost always voluntarily disclosed to the Panel and voluntarily remedied in accordance with Panel policy (usually requiring a prompt sale of the shares acquired in breach and, for listed companies, an announcement to the market about the breach and sell down).

Hearings under section 32 of the Takeovers Act are relatively expensive. The Panel's full costs for holding them have generally been between c. \$90,000 and \$250,000, depending on the complexity of the matter and the number of witnesses. The parties' costs would also be at least as much as the Panel's.

From August 2002 it became the Panel's policy to have all independent adviser reports reviewed in draft by the executive. This was for the purpose of ensuring that the reports contained, as a minimum, a full discussion of the merits of the transaction and accurate and comprehensive information for shareholders about the application of the Code to the transaction.

## *Ensuring transparent and equitable takeover processes*

From 2005 the Panel executive began, at the request of a few legal practitioners, to review takeover documents in draft. This practice has now become common-place. By 2010 the executive was reviewing in draft almost all Code-related documents, as well as their related market announcements.

It is not possible to assert a direct correlation between the resources put into the 'soft enforcement' activity of vetting Code-regulated documents in draft and a reduction in the number of section 32 meetings being held. Other factors would include those mentioned in the first two paragraphs of this section on facilitating an efficient takeovers market.

Nevertheless, the Panel believes that there is some correlation between these factors and the reduction in the number of formal hearings. The graph on page 21 below shows the number of section 32 meetings that have been held since the Code came into force.

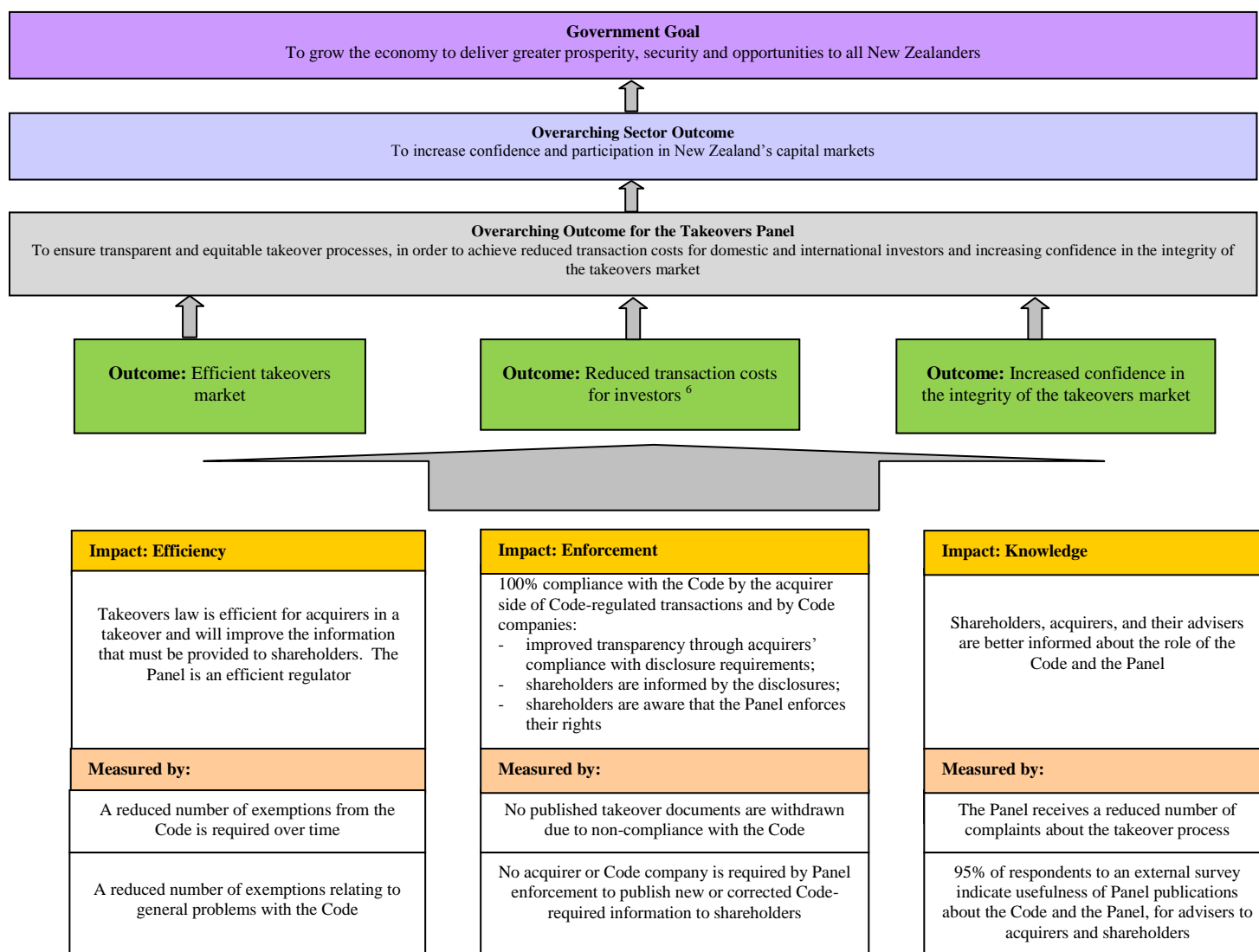
### **The Panel's role within the broader financial markets**

The Panel has a sharply focused regulatory role (takeovers law and practice) within a broad matrix of prudential and financial markets regulation, including that exercised by the Reserve Bank, the Financial Markets Authority and the Registrar of Companies. In addition, NZX Limited undertakes a supervisory role of its listed market participants. Other regulators whose roles also impact on the financial markets include the Overseas Investment Office and the Commerce Commission.

The Panel's role is significant within its own sphere of takeovers activity, but it provides just one of the building blocks in the whole financial sector's regulatory framework for increasing confidence in New Zealand's financial markets.

## MEASURING THE PANEL'S PERFORMANCE – IMPACTS AND OUTCOMES

In the Panel's 2012/2013 – 2015 Statement of Intent, the Panel identified three outcomes to which it contributes through the impacts the Panel expects to have in the takeovers market. The Panel also described how it would measure its achievement of the three impacts that its services are designed to attain. This is depicted below:



### Efficiency Impact

The Panel's policy function of reviewing takeovers law and market practice and recommending changes to the law, is aimed at improving the efficiency of takeovers law. Exemptions can also contribute to an efficient market by, when appropriate, modifying the Code to better meet the circumstances of transactions.

The Panel measures the achievement of the efficiency impact by the extent to which there is a reduction in the number of exemptions granted.

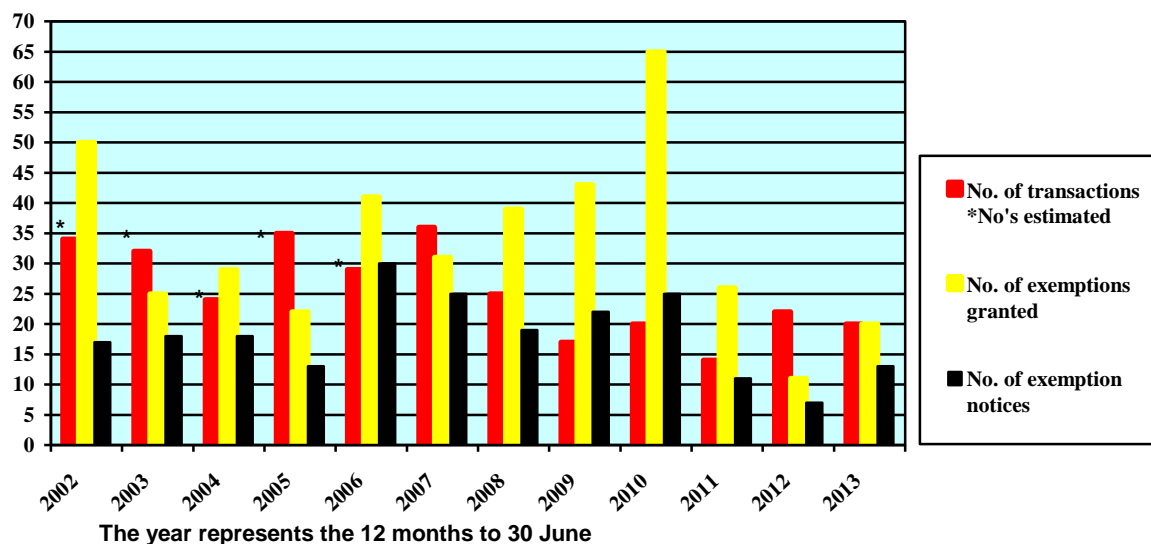
This measure is chosen because amendments to the Code as a result of the Panel's policy work should result in there being a reduction in the number of exemptions granted that relate to drafting problems with the Code. In addition, the class exemptions of a general nature that the Panel periodically grants are designed to streamline compliance where it is recognised that the same type of individual exemption has been granted repeatedly for a recurring set of circumstances.

<sup>6</sup> The transaction costs for investors include access to information about Code-regulated transactions and about their rights and obligations as shareholders of Code companies, and also avenues for enforcing their rights.

## Ensuring transparent and equitable takeover processes

Although there will be occasional highs and lows relating to market specific or transaction specific circumstances, the impact begins to show from the 2012 year following the granting in the 2010/2011 year of the class exemption from rule 7(d) and rule 16(b).<sup>7</sup>

### Number of exemptions granted



### Enforcement Impact

The highest priority for the Panel's resources goes to responding to Code-regulated transactions as they occur. All Code-regulated transactions are monitored, and an important part of this occurs through the Panel's staff reviewing Code-related documents in draft, and giving informal assistance on how to comply with the Code.

This practice, which began around 2005, together with the Code's bedding in and the respect of practitioners for the Panel, has largely contributed to the reduction in formal hearing processes (see the graph below). The Panel aims for 100% compliance with the Code so that shareholders, especially small shareholders, are protected from unfair practices and so that all shareholders have a transparent and orderly process under which they make the decisions that lie before them in a Code-regulated transaction.

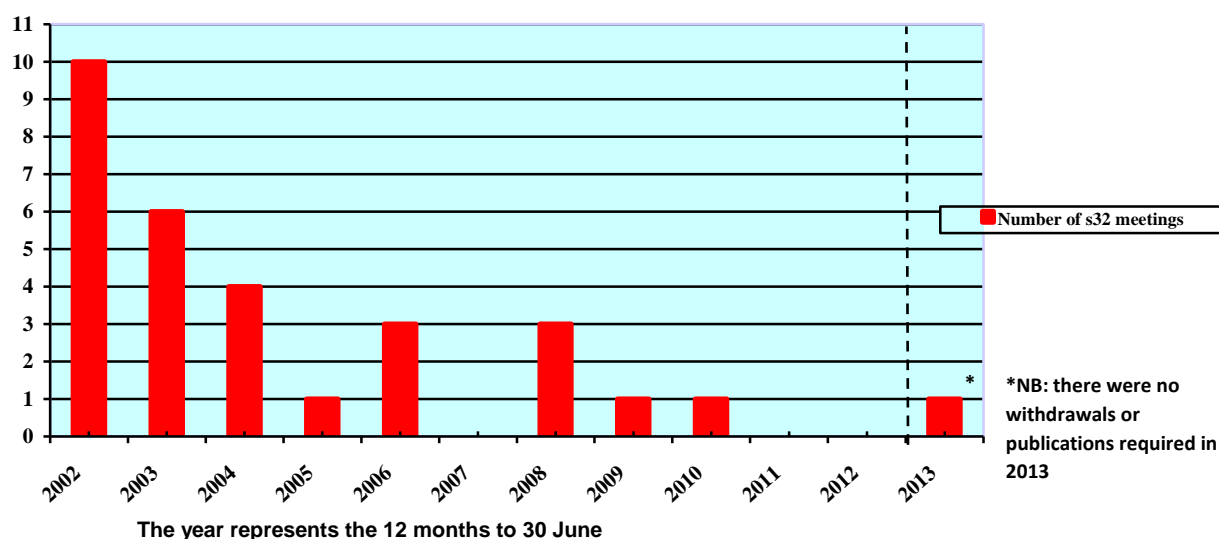
The Panel measures the achievement of this impact by there being no Code-regulated documents being required to be withdrawn under a section 32 enforcement action, due to non-compliance with the Code. A related measure is that no acquirer or Code company is required under a section 32 enforcement action to publish new or corrected information to shareholders. The Panel's view is that this impact is already achieved to a very high level. The graph below records it as a formal measure, beginning from 1 July 2012.

The Panel aims to maintain 100% achievement of this impact although the market is constantly changing.

<sup>7</sup> Exemptions from rule 7(d) and rule 16(b) of the Code have been one of the most commonly granted exemptions.

## Section 32 meetings

### Number of Withdrawals of documents or publications of information - Performance measure commences from 1 July 2012



## Knowledge Impact

The Panel's function of promoting public understanding of takeovers law and practice is aimed at all sectors of the takeovers market. The Panel uses its publication *Code Word* to broadcast its views on topical takeovers matters. The Panel's website provides a platform for access to the Panel's decisions, Guidance Notes, and other useful information. The Panel is aiming to better inform shareholders through the use of brochures and plain English guides, and publishing information via shareholder networks such as the Shareholders Association.

Holding meetings with legal and financial advisers, and making speeches and giving presentations, are other methods used by the Panel for disseminating information about the Code and about the Panel's role as a regulator.

The Panel's services for the promotion of public understanding contribute to better informed shareholders, thus reducing their transaction costs.

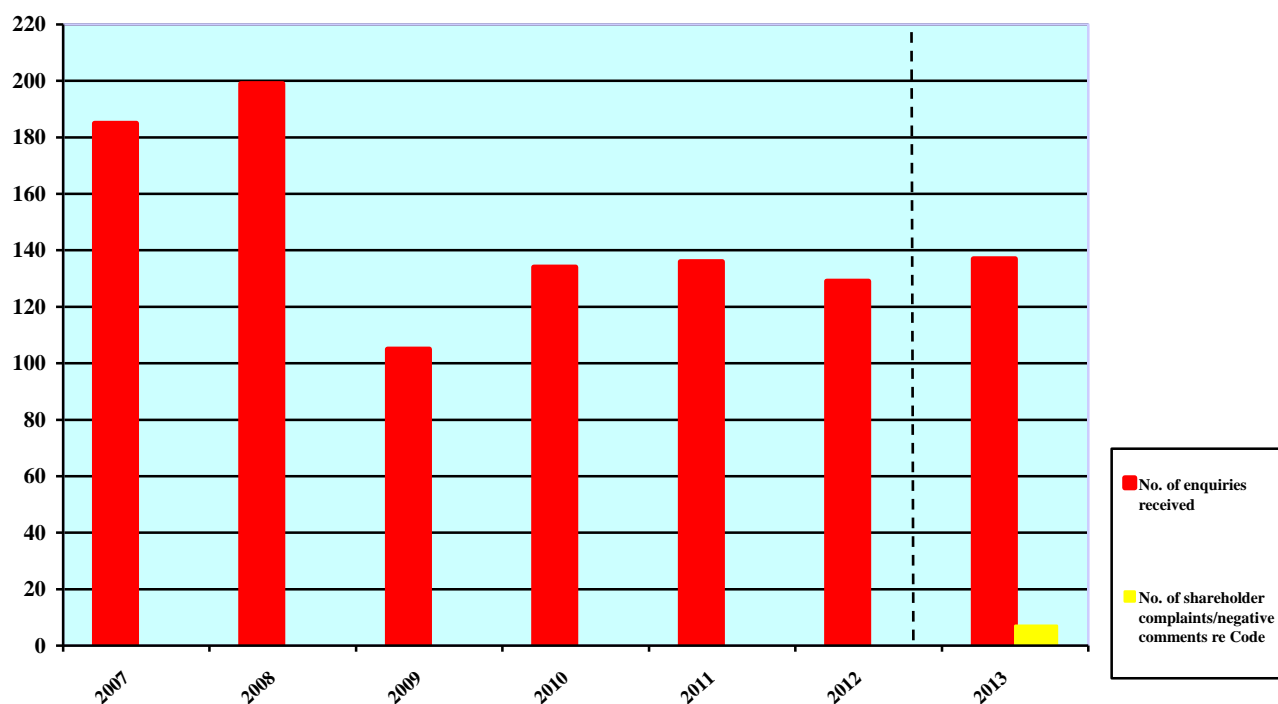
The Panel measures the achievement of this impact in two ways, the first one measuring the shareholder side of the takeovers market, and the second one measuring the acquirer side of the market.

The indicator on the shareholder side of the market of achieving an improvement in knowledge is the Panel receiving a reduced number of complaints or negative comments about the process of Code-regulated transactions. The expectation is that the number of complaints will trend down over time. However, as shareholders become more aware of their rights there may be more complaints initially.

The measure on the acquirer side of the market for meeting this impact will be that at least 95% of the respondents to the Panel's on-line survey indicate that they find the Panel's publications about the Code and about the Panel useful.

**Public enquiries to Panel / Enquiries involving Shareholders' complaints or negative comments about Code - Performance measure commences from 1 July 2012<sup>8</sup>**

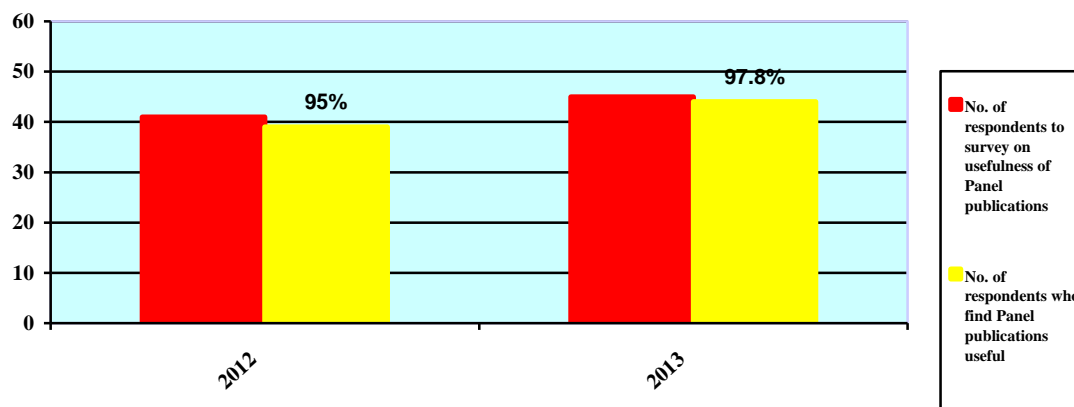
Public enquiries



The year represents the 12 months to 30 June

**% Takeovers Practitioners find Panel publications useful**

No of respondents



The year represents the 12 months to 30 June

<sup>8</sup> Note that data regarding the number of shareholder complaints or negative comments about the Code has only been gathered since 1 July 2012. However, data regarding the number of enquiries received has been available since 1 July 2006 and is therefore shown in the graph.

## **FINANCIAL REPORT**

### **Sources of Funding**

The Panel is funded by the appropriation of money by Parliament, and the payment of fees by the users of its services and parties to its enforcement actions. It is responsible for the allocation of the money. It sets priorities with care and reviews them continually to ensure that the money is put to the best value for its use.

### **Statement of Responsibility**

We acknowledge responsibility for the preparation of these financial statements and Statement of Service Performance and for the judgements used in them.

We acknowledge responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Panel's financial and non-financial reporting.

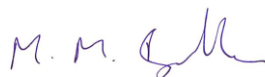
In our opinion these annual financial statements and Statement of Service Performance fairly reflect the financial position as at 30 June 2013 and the operations of the Takeovers Panel for the year ended 30 June 2013.

Signed on behalf of the Panel by:



**D O Jones**  
**Chairman,**  
**Takeovers Panel**

**31 October 2013**



**M M Beattie**  
**Chairman,**  
**Audit and Risk Committee**

**31 October 2013**



**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 30 June 2013

<b>Budget 2013 \$</b>		<b>Actual 2013 \$</b>	<b>Actual 2012 \$</b>
	<b>Revenue - operating</b>	<b>Note</b>	
1,494,000	Government grant – baseline funding		1,494,000
24,000	Interest	11	28,071
205,000	Application fees and costs recoverable	4	104,225
0	Other income		13,849
<u>1,723,000</u>	<b>Total operating income</b>		<u>1,640,145</u>
	<b>Revenue – litigation fund</b>		
0	Government grant		0
0	Recovery of costs		0
34,000	Interest	11,3	32,181
<u>34,000</u>	<b>Total litigation fund income</b>		<u>32,181</u>
<u>\$1,757,000</u>	<b>Total income</b>		<u>\$1,672,326</u>
	<b>Operating expenditure</b>		
19,000	Audit fees		19,000
80,000	Communication charges		71,547
25,000	Training and memberships		18,723
31,000	Depreciation and amortisation		46,229
199,000	Members’ fees	22	168,512
91,000	Printing and stationery		80,041
87,000	Consultants and legal		63,236
136,000	Services and supplies		154,980
132,000	Rent		131,610
50,000	Travel and accommodation		43,398
895,000	Personnel costs	10	830,264
<u>1,745,000</u>	<b>Total operating expenditure</b>		<u>1,627,541</u>
20,000	Expenditure – litigation fund	3	0
<u>1,765,000</u>	<b>Total expenditure</b>		<u>1,627,541</u>
<u>\$(8,000)</u>	<b>Net Surplus/Deficit</b>		<u>\$44,786</u>
0	Other comprehensive income		0
<u>\$(8,000)</u>	<b>Total comprehensive income</b>		<u>\$44,786</u>
	<b>This is comprised of:</b>		
(22,000)	Comprehensive income -operating /(deficit)		12,605
14,000	Comprehensive income -litigation / (deficit)	3	32,181
<u>\$(8,000)</u>			<u>\$44,786</u>

**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2013

<b>Budget 2013</b>			<b>Actual 2013</b>	<b>Actual 2012</b>
\$			\$	\$
	<b>Current assets</b>	<b>Note</b>		
196,000	Cash and cash equivalents – operations		350,690	162,802
154,000	Cash and cash equivalents – litigation fund	3	131,999	156,090
433,000	Term deposits – operations		280,264	498,790
626,000	Term deposits – litigation fund	3	657,401	637,884
4,000	Interest receivable – operating		4,913	4,595
12,000	Interest receivable – litigation fund	3	12,332	3,951
16,000	Trade and other receivables	12	128,820	21,420
19,000	Prepayments		19,475	37,118
8,000	GST receivable		750	17,921
<u>\$1,468,000</u>	Total current assets		<u>\$1,586,644</u>	<u>\$1,540,571</u>
	<b>Non-current assets</b>			
41,000	Property, plant and equipment	13	48,473	46,574
63,000	Software	14	90,034	0
<u>104,000</u>	Total non-current assets		<u>138,507</u>	<u>46,574</u>
<u>\$1,572,000</u>	Total assets		<u>\$1,725,151</u>	<u>\$1,587,145</u>
	<b>Current liabilities</b>			
59,000	Trade and other payables	16	62,413	79,564
42,000	Employee entitlements	15	82,932	67,856
0	GST payable		0	0
<u>\$101,000</u>	Total current liabilities		<u>\$145,345</u>	<u>\$147,420</u>
	<b>Equity</b>			
679,000	Operating funds		778,074	641,800
792,000	Litigation fund	3	801,732	797,925
<u>\$1,471,000</u>	Total equity		<u>\$1,579,806</u>	<u>\$1,439,725</u>
<u>\$1,572,000</u>	Total equity and liabilities		<u>\$1,725,151</u>	<u>\$1,587,145</u>

**STATEMENT OF MOVEMENTS IN EQUITY**

*for the year ended 30 June 2013*

<b>Budget 2013 \$</b>		<b>Actual 2013 \$</b>	<b>Actual 2012 \$</b>
	<b>Equity at start of year</b>		
701,000	Operating funds	641,800	629,195
778,000	Litigation fund	797,925	765,744
<u>\$1,479,000</u>	Equity at start of year	<u>\$1,439,725</u>	<u>\$1,394,939</u>
(22,000)	Total comprehensive income- operating/(deficit)	136,274	12,605
14,000	Total comprehensive income-litigation/ (deficit)	3,807	32,181
<u>(8,000)</u>	Total comprehensive income	<u>140,081</u>	<u>44,786</u>
0	Capital contribution	0	0
<u>(8,000)</u>	Increase (reduction) in equity	<u>140,081</u>	<u>44,786</u>
<u>\$1,471,000</u>	Equity at end of year	<u>\$1,579,806</u>	<u>\$1,439,725</u>
	<b>Comprising:</b>		
679,000	Operating funds	778,074	641,800
792,000	Litigation fund	801,732	797,925
<u>\$1,471,000</u>	Equity at end of year	<u>\$1,579,806</u>	<u>\$1,439,725</u>

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**STATEMENT OF CASH FLOWS**

*for the year ended 30 June 2013*

<b>Budget 2013 \$</b>		<b>Actual 2013 \$</b>	<b>Actual 2012 \$</b>
	<b>Cash flows from operating activities</b>		
	<b>Note</b>		
	Cash was provided from:		
1,494,000	Government grant – operations	1,494,000	1,494,000
0	Government grant – litigation fund	0	0
205,000	Application fees and costs recoverable	110,549	132,229
58,000	Interest	50,529	63,796
0	Other income	19	13,849
0	Goods and Services Tax (net)	17,171	0
	Cash was disbursed to:		
(636,000)	Suppliers	(515,854)	(612,470)
(1,094,000)	Employees and members	(1,074,402)	(962,825)
(14,000)	Goods and Services Tax (net)	0	(2,094)
<u>13,000</u>	Net cash inflow (outflow) from operating activities	<u>82,012</u>	<u>126,485</u>
	<b>Cash flows from investing activities</b>		
	Cash was provided from:		
0	Receipts from sale of bank deposits	199,009	0
	Cash was applied to:		
(80,000)	Purchase of computer software	(98,130)	0
0	Purchase of office equipment	(16,405)	(1,566)
(9,000)	Purchase of office furniture	(2,688)	0
(13,000)	Acquisition of bank deposits		(526,210)
<u>(102,000)</u>	Net cash inflow (outflow) from investing activities	<u>81,786</u>	<u>(527,776)</u>
	<b>Cash flows from financing activities</b>		
	Cash was provided from:		
0	Capital contribution	0	0
<u>0</u>	Net cash inflow (outflow) from financing activities	<u>0</u>	<u>0</u>
(75,000)	Net increase (decrease) in cash and cash equivalents	163,798	(401,291)
439,000	Add opening cash and cash equivalents	318,892	720,182
<u>\$364,000</u>	Closing cash and cash equivalents	<u>\$482,689</u>	<u>\$318,892</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2013*

### **NOTE 1 STATEMENT OF ACCOUNTING POLICIES**

#### *Reporting entity*

The Takeovers Panel is a body corporate established by the Takeovers Act 1993.

The Panel is an independent Crown entity for legislative purposes and a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the reporting entity, the Panel, for the year ended 30 June 2013 were authorised for issue by the Panel on 31 October 2013.

The Panel's primary function is the regulation of corporate takeovers of New Zealand companies.

#### *Basis of preparation*

#### **Statement of compliance**

These financial statements have been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP)

They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

#### **Basis of measurement**

The accounting principles recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis have been applied.

#### **Functional and presentational currency**

These financial statements are presented in New Zealand dollars (\$) which is the entity's functional currency.

#### **Use of estimates and judgements**

The process of applying accounting policies requires the Panel to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### **Changes in accounting policy**

There have been no changes in accounting policies during the financial year.

#### **Standards, amendments and interpretations issued that are not yet effective and have not been early adopted**

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Panel, include:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 on the classification measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a

single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Panel is classified as a Tier 2 reporting entity and it will be required to apply reduced Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current international Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Panel expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Panel is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that not all new NZ IFRS and amendments to existing NZ IFRS will be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

### **Significant accounting policies**

Significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

- a Cash and cash equivalents  
Cash and cash equivalents comprise cash balances on hand, held in bank accounts and short-term deposits that form part of the Panel's day-to-day cash management. They are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. They are held for the purpose of meeting short-term cash commitments and have short maturities of three months or less.
- b Term deposits  
This category only includes term deposits with maturities greater than three months. These deposits are loans and receivables under NZ IFRS. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.
- c Trade and other receivables  
Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.
- d GST  
All items in financial statements are exclusive of GST with the exception of trade and other receivables and trade and other payables which are stated with GST included.

The statement of cash flows has been prepared on a net GST basis. That is, cash receipts and payments are presented exclusive of GST. A net GST presentation has been chosen to be consistent with the presentation of the statement of comprehensive income and statement of financial position. The net GST component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST

## *Ensuring transparent and equitable takeover processes*

component has been presented on a net basis as the gross amounts would not provide meaningful information for financial statement purposes.

- e Trade and other payables  
Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

- f Financial instruments  
A financial instrument is recognised when the Panel becomes party to a financial contract. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of comprehensive income.

Financial instruments comprise trade and other receivables, cash and cash equivalents, term deposits and trade and other payables.

- g Income tax  
The Panel is exempt from income tax under the Income Tax Act 2007.

- h Revenue recognition  
Government grant is recognised as revenue when earned and is reported in the financial period to which it relates. Revenue from application fees and costs recoverable is recognised when the relevant services are provided or when the Panel has made the relevant determination under section 32 of the Takeovers Act 1993.

Interest income is recognised as it accrues, based on the effective interest rate inherent in the respective financial instrument. The effective interest rate discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

- i Cost allocation policy  
For the purposes of the statement of service performance direct costs are charged directly to outputs. Indirect costs are allocated on the basis of direct labour hours spent on each output.

- j Litigation fund  
Interest income and expenditure on approved litigation fund matters are reported as income and expenditure of the Panel in the financial period in which they were derived or incurred. Reimbursements from the Crown to top up the fund are reported as income in the period to which the Panel's claim for reimbursement relates. The balance of the fund is disclosed as a component of equity in the statement of financial position.

- k Impairment  
The Panel considers at each reporting date whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

Given that the future economic benefits of the Panel's assets are not directly related to the ability to generate net cash flows, the value in use of these assets is measured on the basis of depreciated replacement cost.

At each balance date financial assets such as receivables are assessed for impairment. Trade and other receivables are individually assessed for impairment. This assessment is also made with reference to previous experience with debtors. The recoverable amount is the present value of the estimated future cash flows.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount. Any reversal of impairment losses is also recognised in the statement of comprehensive income.

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- l Short term employee benefits  
Employee entitlements represent the Panel's liability for employee annual leave entitlements and salaries accrued up to balance date. This has been calculated on an accrued entitlement basis which involves recognising the undiscounted amount of short term employee benefits expected to be paid in exchange for service that an employee has already rendered. This is calculated at current remuneration rates.
- m Property, plant and equipment  
Property, plant and equipment are shown at cost or deemed cost less depreciation, and less any impairment losses (see note 1(k)). The following classes of property, plant and equipment have been depreciated over their economic lives on the following basis:
- |                  |      |   |                             |
|------------------|------|---|-----------------------------|
| office furniture | 8.5  | - | 10.5 percent straight line, |
| office equipment | 17.5 | - | 40 percent straight line.   |
- n Intangible assets  
Computer software that is not integral to the operation of the hardware is recorded as an intangible asset and amortised on a straight line basis over a period of three years.
- o Contingent assets and contingent liabilities  
Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.
- p Superannuation schemes  
Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.
- q Leases  
Operating leases – an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

### **NOTE 2 BUDGET FIGURES**

The budget figures are those approved by the Panel on 16 May 2012 and published in the Panel's Statement of Intent 2012/2013-2015. The budget figures are prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Panel for the preparation of the financial statements.

### **NOTE 3 LITIGATION FUND**

The litigation fund is to be used for litigation costs that are incurred by the Panel as it enforces compliance with the Takeovers Code or responds to litigation brought against it.

Parliament agreed to an appropriation, if required, of up to \$200,000 (GST inclusive) for the year ended 30 June 2013 to top-up the fund to the set level of \$675,000. The Panel has not had to draw from this appropriation during the year.

A summary of the movements in the fund during the year is as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Government grant received	0	0
Recovery of costs	0	0
Interest received	20,131	28,230
Interest accrued	12,332	3,951
Expenditure on approved litigation	<u>(28,656)</u>	<u>0</u>
Comprehensive income /(deficit) for the year	3,807	32,181
Opening balance	<u>797,925</u>	<u>765,744</u>
Closing balance	\$801,732	\$797,925



*Ensuring transparent and equitable takeover processes*

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
This is comprised of:		
Cash and cash equivalents		
- Call account	131,999	156,090
- Short term deposits		0
Term deposits	657,401	637,884
Interest receivable	12,332	3,951
Trade payables	<u>0</u>	<u>0</u>
	<u>\$801,732</u>	<u>\$797,925</u>

**NOTE 4 APPLICATION FEES AND COSTS RECOVERABLE**

The Takeovers (Fees) Regulations 2001 enable the Panel to recover costs with respect to applications received for various approvals, for exemptions, and for certain enforcement action pursuant to the Takeovers Act. An analysis of the amounts invoiced for the year ended 30 June 2013 (on a GST exclusive basis) is as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Exemptions	114,670	72,772
Approvals	26,162	31,453
Enforcement	77,117	0
Total	<u>\$217,949</u>	<u>\$104,225</u>

**NOTE 5 MANAGEMENT OF EQUITY**

The Panel seeks to maintain sufficient equity to enable it to manage its ongoing operations and obligations. Surplus funds are invested having regard to the cash flow profile of future commitments. There have been no material changes in the Panel's management of equity during the period compared with the previous period.

The Panel is not subject to any externally imposed equity requirements.

**NOTE 6 RECONCILIATION OF STATEMENT OF COMPREHENSIVE INCOME WITH STATEMENT OF CASH FLOWS**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Net surplus (deficit):	140,081	44,786
Movement in non cash items		
Depreciation / amortisation	25,291	46,229
Movement in working capital:		
Increase (decrease) in creditors	(2,075)	(217)
(Increase) decrease in receivables and prepayments	<u>(81,285)</u>	<u>35,687</u>
	<u>(58,069)</u>	<u>81,699</u>
Net cash flows from operating activities	<u>\$82,012</u>	<u>\$126,485</u>

**NOTE 7 CASH FLOWS**

**Investing activities**

Investing activities are those activities relating to the movements in short term deposits and the purchase of property, plant and equipment. The cash flows relating to the Panel's investing activities are reported on a gross basis in the statement of cash flows. The amounts held in term deposits are rolled over frequently through the year.

**Financing activities**

Financing activities are those activities relating to changes in the equity structure of the Panel.

**Operating activities**

Operating activities for the purposes of the statement of cash flows include all activities other than investing and financing activities. Activities funded from the litigation fund are included in this category.

**Cash**

This means cash balances on hand, held in bank accounts, and short term deposits in which the Panel invests as part of its day-to-day cash management.

The closing balance of cash reported in the statement of cash flows is comprised of:

	<b>2013</b>	<b>2012</b>
	\$	\$
Cash and cash equivalents – operations		
- Cash	214,285	162,802
- Short term deposits	136,405	0
Cash and cash equivalents – litigation fund		
- Cash	131,999	156,090
- Short term deposits	0	0
Closing cash balance	\$482,689	\$318,892

**NOTE 8 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES**

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Loans and receivables</b>		
Cash and cash equivalents	482,689	873,111
Trade and other receivables	146,065	29,966
GST receivable	750	17,921
Term deposits	937,665	582,455
Total loans and receivables	\$1,567,169	\$1,503,453
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	83,685	79,564
GST payable	0	0
Employee entitlements	82,932	67,856
Total financial liabilities measured at amortised cost	\$166,617	\$ 147,420

**NOTE 9 FINANCIAL INSTRUMENTS**

**Credit risk**

Credit risk represents the risk that a counterparty will default on its contractual obligations to the Panel. Financial instruments which potentially subject the Panel to credit risk consist of bank balances, bank term deposits, interest receivable, and trade and other receivables. The maximum exposure to credit risk at the reporting date is the carrying amount of those instruments as detailed below.

There is limited credit risk for the Panel because most of the financial assets are the Panel's cash or investments. These are deposits with Bank of New Zealand which is a registered bank in New Zealand and is rated by Moody's Aa3, Standard & Poors AA- as at April 2013.

The Panel does not require collateral or security to support financial instruments.

Other than balances with the BNZ, there are no concentrations of credit risk.

**Fair values**

All financial instruments are recognised in the statement of financial position and are stated at carrying amounts. Given their short term nature, the carrying amounts are considered a reasonable approximation of their fair values. There has been no change from the previous period in the Panel's exposure to risks, how they arise or the Panel's objectives, policies and processes for managing the risk and the methods used to measure the risks.

**Liquidity risk**

Liquidity risk represents the Panel's ability to meet its contractual obligations associated with financial liabilities. The Panel evaluates its liquidity requirements on an ongoing basis. The Panel's creditors are mainly those reported as trade and other payables. The Panel aims to pay these within normal commercial terms: that is, by the 20th of the month following invoice.

**Currency risk**

The Panel does not hold any overseas securities or deposits and is therefore not exposed to any currency risk.

**Market risk**

The only market risk to which the Panel is subject is interest rate risk. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Panel's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Panel's exposure to cash flow interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

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Details are as follows:

	Effective Interest Rate	Total \$	Maturities 3 months or less \$	Maturities greater than 3 months \$
<b>2013</b>				
Cash and cash equivalents – operations				
- Current account	0.00%	62,394	62,394	0
- Call account	2.80%	151,891	151,891	0
Short term deposits	4.00%	136,405	136,405	0
Term Deposits	4.13%	280,264	0	280,264
		<u>\$630,954</u>	<u>\$350,640</u>	<u>\$280,264</u>
Cash and cash equivalents – litigation fund				
- Call account	2.80%	131,999	131,999	0
Term deposits	4.00 - 4.20%	657,401	0	657,401
		<u>\$789,400</u>	<u>\$131,999</u>	<u>\$657,401</u>
<b>2012</b>				
Cash and cash equivalents – operations				
- Current account	0.00%	24,196	24,196	0
- Call account	3.00%	138,606	138,606	0
Term Deposits	4.5 - 4.53%	498,790	0	498,790
Term Deposits		<u>\$661,592</u>	<u>\$162,802</u>	<u>\$498,790</u>
Cash and cash equivalents – litigation fund				
- Call account	3.0%	156,090	156,090	0
Term deposits	4.48 - 4.58%	637,884	0	637,884
		<u>\$793,974</u>	<u>\$156,090</u>	<u>\$637,884</u>

The Panel's interest rate risk is limited to interest on call accounts and term investments, the maturity profiles of which are shown above.

*Sensitivity analysis*

As at 30 June 2013, if the floating interest rate on call deposits had been 100 basis points higher or lower throughout the year, with all other variables held constant, the surplus/deficit for the year would have been \$2,839 (2012 \$3,253) higher or lower.

**NOTE 10 PERSONNEL COSTS**

	2013 \$	2012 \$
Salaries	876,720	813,344
Employer contributions to defined contribution plans	19,070	13,669
ACC	2,825	3,251
Contractors	1,304	0
Total personnel costs	<u>\$899,919</u>	<u>\$830,264</u>

**NOTE 11 INCOME FROM FINANCIAL ASSETS**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Loans and Receivables</b>		
Interest – operations	26,765	28,071
Interest – litigation fund	32,463	32,181
<b>Total interest income from loans and receivables</b>	<b>\$59,228</b>	<b>\$60,252</b>

**NOTE 12 TRADE AND OTHER RECEIVABLES**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	128,820	21,420
<b>Total trade and other receivables</b>	<b>\$128,820</b>	<b>\$21,420</b>

The status of trade and other receivables as at 30 June 2013 is as follows:

	<b>Total</b>	<b>Not past due</b>	<b>Up to 30 days past due</b>	<b>Over 30 days past due</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2013</b>				
Gross receivables	128,820	30,302	87,124	11,394
Impairment	0	0	0	0
	<b>\$128,820</b>	<b>\$30,302</b>	<b>\$87,142</b>	<b>\$11,394</b>
<b>2012</b>				
Gross receivables	21,420	6,722	9,648	5,050
Impairment	0	0	0	0
	<b>\$21,420</b>	<b>\$6,722</b>	<b>\$9,648</b>	<b>\$5,050</b>

**NOTE 13 PROPERTY PLANT AND EQUIPMENT**

	<b>Office equipment</b>	<b>Office furniture</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost or valuation</b>			
Balance at 1 July 2011	139,540	43,460	183,000
Additions	1,565	0	1,565
Disposals	0	0	0
<b>Balance at 30 June 2012</b>	<b>141,105</b>	<b>43,460</b>	<b>184,565</b>
Balance at 1 July 2012	141,105	43,460	184,565
Additions	16,405	2,688	19,093
Disposals	(5,646)	0	(5,646)
<b>Balance at 30 June 2013</b>	<b>151,864</b>	<b>46,148</b>	<b>198,012</b>

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	<b>Office equipment</b>	<b>Office furniture</b>	<b>Total</b>
<b>Accumulated depreciation</b>			
Balance at 1 July 2011	(88,760)	(7,389)	(96,149)
Depreciation	(37,612)	(4,230)	(41,842)
<b>Balance at 30 June 2012</b>	(126,372)	(11,619)	(137,991)
Balance at 1 July 2012	(126,372)	(11,619)	(137,991)
Depreciation expense	(12,753)	(4,442)	(17,195)
Elimination on disposal	5,647	0	5,647
<b>Balance at 30 June 2013</b>	<u>(133,478)</u>	<u>(16,061)</u>	<u>(149,539)</u>
<b>Carrying amounts:</b>			
At 30 June 2011	50,780	36,071	86,851
At 30 June and 1 July 2012	14,733	31,841	46,574
<b>At 30 June 2013</b>	<u><b>\$18,386</b></u>	<u><b>\$30,087</b></u>	<u><b>\$48,473</b></u>

**NOTE 14 COMPUTER SOFTWARE**

	<b>Computer software \$</b>
<b>Cost or valuation</b>	
Balance at 1 July 2011	23,968
Additions	0
Disposals	0
<b>Balance at 30 June 2012</b>	<u>23,968</u>
Balance at 1 July 2012	23,968
Additions	98,130
Disposals	0
<b>Balance at 30 June 2013</b>	<u>122,098</u>
<b>Accumulated amortisation</b>	
Balance at 1 July 2011	(19,581)
Amortisation	(4,387)
Balance at 30 June 2012	<u>(23,968)</u>
Balance at 1 July 2012	(23,968)
Amortisation	(8,096)
<b>Balance at 30 June 2013</b>	<u>(32,064)</u>
<b>Carrying amounts:</b>	
At 30 June 2011	13,015
At 30 June and 1 July 2012	0
<b>At 30 June 2013</b>	<u><b>\$90,034</b></u>

**NOTE 15 EMPLOYEE ENTITLEMENTS**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Accrued salaries and wages	46,658	43,877
Annual leave	36,274	23,979
Total employee entitlements	<u>\$82,932</u>	<u>\$67,856</u>

**NOTE 16 TRADE AND OTHER PAYABLES**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Trade payables	53,139	70,564
Accrued expenses	9,274	9,000
Total trade and other payables	<u>\$62,413</u>	<u>\$79,564</u>

**NOTE 17 COMMITMENTS**

The Panel has the following non-cancellable operating lease commitments. These amounts are the total of minimum future lease payments under the Panel's non-cancellable operating leases.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	132,650	131,610
Later than one year and not later than five years	154,758	285,155
Later than five years	0	0
	<u>\$287,408</u>	<u>\$416,765</u>

The Panel entered into a six year operating lease agreement for its new premises that commenced 1 September 2009. This lease gives the Panel the right to renew the lease for six years subject to a mutually agreed redetermination of the lease rental.

The Panel had no capital commitments at balance date. (2012 - no commitments).

**NOTE 18 CONTINGENT LIABILITIES**

There were no contingent liabilities at balance date. (2012 - no contingent liabilities).

**NOTE 19 CONTINGENT ASSETS**

There were no contingent assets at balance date. (2012- no contingent assets).

**NOTE 20 TRANSACTIONS WITH RELATED PARTIES**

All related party transactions have been entered into on an arms length basis

The Panel is an independent Crown entity for the purposes of the Crown Entities Act 2004. The Crown is its major source of revenue.

### **Significant transactions with government related entities**

The Panel has been provided with funding from the Crown of \$1,494,000 (2012 \$1,494,000) for specific purposes as set out in the Takeovers Act 1993 and the scope of the relevant government appropriations.

### **Collectively, but not individually, significant, transactions with government related entities**

In conducting its activities, the Panel is required to pay various taxes and levies (such as GST, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Panel is exempt from paying income tax.

The Panel also purchases goods and services from entities controlled, significantly influenced or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2013 totalled \$15,230 (2012 \$40,147). These purchases included air travel from Air New Zealand and postal services from New Zealand Post.

### **Transactions with firms of Panel members**

The Panel has processed a number of exemption applications from firms where a member of the Panel was a partner in the firm making the application. The affected members are legally not part of the Panel for the purposes of considering any exemption applications from their firm. Those applications were processed and invoiced using the Panel's standard procedures.

The Panel purchased legal services of \$0 (2012 \$680) from Chapman Tripp, a legal firm of which Mr R.F. Wallis, Member of the Panel, is a partner. The services in 2012 were in relation to advice provided on a draft class exemption notice.

No related party debts have been written off or forgiven during the year.

## **NOTE 21 KEY MANAGEMENT PERSONNEL COMPENSATION**

Key personnel comprise the members of the Panel and the senior management staff.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits:		
- Members' fees	189,559	168,512
- Senior management team remuneration	435,655	377,079
	<u>\$625,214</u>	<u>\$ 545,591</u>



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**Employee remuneration**

During the year, the number of employees of the Panel, not being members, who received remuneration and other benefits in excess of \$100,000 were:

	<b>Number of Employees 2013 \$</b>	<b>Number of Employees 2012 \$</b>
250,001 to 260,000	1	0
240,001 to 250,000	0	0
230,001 to 240,000	0	1
220,001 to 230,000	0	0
210,001 to 220,000	0	0
200,001 to 210,000	0	0
190,001 to 200,000	0	0
180,001 to 190,000	0	0
170,001 to 180,000	0	0
160,001 to 170,000	1	0
120,001 to 160,000	0	0
110,001 to 120,000	0	1
	<u>2</u>	<u>2</u>

**NOTE 22 BOARD MEMBER REMUNERATION**

Members are remunerated on the basis of time spent on the work of the Panel. Members' fees for the year ended 30 June 2013 were:<sup>9</sup>

	<b>2013 \$</b>	<b>2012 \$</b>
D.O. Jones (Chairman)	57,603	62,327
R.A. Coupe (Deputy Chairman)	15,938	12,684
C.G. Giffney	18,920	25,563
M.M. Beattie	11,385	8,428
C.G. Blanchard	15,410	7,083
D.M. Flacks	16,773	8,654
S.M. Horner	28,219	16,494
A.G. Pigou	3,896	0
D.J. Quigg	0	1,155
P.J.M. Scott	0	0
S.H. Suckling	7,156	6,498
T.J. Symmans	1,932	0
K.B. Taylor	2,577	9,109
R.F. Wallis	9,750	10,517
Total	<u>\$189,559</u>	<u>\$168,512</u>

<sup>9</sup> See page 3 for information regarding the appointment and resignation dates of Messrs Giffney, Taylor and Pigou and Ms Symmans.

**NOTE 23 SUBSEQUENT EVENTS**

There were no material events subsequent to balance date that would affect the interpretation of the financial statements or the performance of the Panel. (2012 – no material subsequent events).

**NOTE 24 BUDGET VARIANCES**

Significant variances from budget were:

**Income**

Total operating income was \$15,733 higher than budgeted, primarily because of the higher than expected level of recoveries from exemption work.

**Expenditure**

Total operating expenditure for the year was \$142,541 lower than budgeted primarily because of lower than expected expenditure on consultants and legal experts and printing and stationery, and travel and accommodation.

In particular, consultants and legal costs were \$48,134 lower than budgeted. The level of Consultants and legal advice required depends on the number and complexity of transactions and enforcement actions undertaken throughout the year.

Printing and stationery costs were \$35,123 lower than budgeted. Approximately \$15,000 of this relates to the decision not to professionally design and print the Annual Report and the decision not to print CodeWord. Approximately \$13,000 relates to savings made after a review of current subscriptions.

Travel and accommodation was \$27,350 lower than budgeted. Savings have been made by the Panel signing the All of Government travel contract and by organising Board meetings so that fewer flights are required.

**Net operating surplus**

The Panel recorded an operating surplus of \$136,982 when a loss of \$22,000 had been expected. This is a result of the higher than expected recoveries from operational activities and lower operating expenditure.

**NOTE 25 PROFESSIONAL INDEMNITY INSURANCE**

In relation to the Panel's performance of its statutory duties and functions, the Panel has a professional indemnity insurance policy in place to provide cover for members and employees of the Panel

## STATEMENT OF SERVICE PERFORMANCE

*For the year ended 30 June 2013*

### PERFORMANCE STANDARDS AND MEASURES FOR THE OUTPUTS OF THE PANEL

The delivery of the Takeovers Panel services is funded under Vote Commerce Non-Departmental Output Class – *Administration of the Takeovers Code*.

<b>OUTPUT 1: Review law and practice, and recommend any necessary law changes:</b>				
Ensuring that the provisions of the Takeovers Code and other takeovers law are effective and relevant, as assessed by review of law and practice, undertaking policy reviews and development (“policy projects”), and recommending amendments to takeovers law as necessary.				
Over the three year period from 1 July 2012 – 30 June 2015, in addition to daily monitoring of market practice and routine or low level policy activities, as well as the policy activities that can arise in response to market practices, the major policy projects planned for completion were:				
<ul style="list-style-type: none"> <li>• supporting MBIE for passage of the Companies and Limited Partnerships Amendment Bill, which contains the Panel’s policy recommendations made in 2008 to close a loophole in the law where Code companies are involved in amalgamations and arrangements under the Companies Act 1993;</li> <li>• assisting MBIE with the associated necessary changes to the fees regulations so the Panel will be able to recover its costs for services under the new regime for schemes and amalgamations;</li> <li>• reviewing the coverage of the Code, including projects relating to:             <ul style="list-style-type: none"> <li>○ whether the Code’s protections should be extended to the holders of voting securities in entities other than companies, like unit trusts;</li> <li>○ whether all SMEs that are Code companies should have to bear the relatively high compliance burden of the Code;</li> <li>○ whether there are weaknesses in the availability of Code-relevant information when limited partnerships (which afford some privacy to their owners) are used as shareholding vehicles for significant parcels of shares in Code companies; and</li> </ul> </li> <li>• reviewing the way Code transactions are done, including projects related to:             <ul style="list-style-type: none"> <li>○ considering whether there are regulatory disincentives to making takeover offers with scrip consideration (i.e., shares or some other form of security are issued by the offeror or by another entity as the form of payment offered to shareholders for their Code company shares under the takeover offer);</li> <li>○ whether offerors should be allowed to enter into ‘lock up’ agreements with shareholders in advance of making a takeover offer (as they currently do);</li> <li>○ whether partial takeover offers give inappropriate benefits to offerors (by comparison to the process and outcomes from full takeover offers).</li> </ul> </li> </ul>				
<i>Actual performance against planned performance standards and performance measures for 2012/2013:</i>				
<b>Performance Measures</b>	<b>Performance Standards</b>			
	<b>Forecast 2012/2013</b>	<b>Actual 2012/2013</b>	<b>Actual 2011/2012</b>	<b>Actual 2010/2011</b>
<b>Quantity</b> Percentage of total resources spent on reviewing market activity and recommending any necessary law changes <sup>10</sup>	33% of resources; completion of 3 of the 8 listed projects	27% of resources; completion of 3 of the 8 listed projects	New measure for 2012/2013	New measure for 2012/2013
<b>Quality</b> Best practice policy development process has been followed <sup>11</sup>	100% of the time	100% of the time	New measure for 2012/2013	New measure for 2012/2013

<sup>10</sup> A percentage of the Panel’s resources is used as a quantitative measure, because a fundamental contributor to the Panel’s and the Code’s effectiveness is the review of takeovers law. However, a key principle of policy development is that good analysis can indicate that sometimes the legal status quo provides the best outcome, or that only the approach to enforcement should change, etc. Accordingly, it would not be appropriate to use, for example, the number of recommended changes to the law as a quantitative measure for these output services.

<sup>11</sup> The Regulatory Impact Analysis framework provides the best practice model used in New Zealand for quality policy development. The Panel applies that model as well as its own internal quality assurance steps, for its quality measure for output 1 policy work. To meet the standard, every material policy project will have met the following criteria (as demonstrated by performance checklists):

- Discussion papers followed the Regulatory Impact Analysis framework;
- Panel approved content of discussion papers before their publication;
- Consultation period was at least 6 weeks long;
- Submissions from public were considered by the Panel;
- Any non-regulatory outcomes were approved by Panel before implementing them;
- Any recommendations for law change were approved by Panel before being sent to the Minister;
- Officials from MBIE were consulted before recommendations were sent to Minister.

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<b><u>Timeliness</u></b> Recommendations to the Minister (if any) sent to Ministry within 10 working days of Panel approval of the recommendations	100%	100%	100%	100%
<b><u>Revenue</u></b>	\$581,000 33% of forecast revenue	\$478,223 27% of actual revenue	Not Reported*	Not Reported*
<b><u>Cost:</u></b>	\$583,000 33% of forecast expenditure	\$440,401 27% of actual expenditure	\$504,538	\$430,107

The projects completed were supporting MBIE for the passage of the Companies and Limited Partnerships Amendment Bill through to the Committee stage in the House, considering whether there are disincentives to making takeover offers with scrip consideration and considering whether offerors should be allowed to enter into 'lock-up' agreements in advance of making a takeover offer. The percentage of resources expended on Output 1 services was lower than forecast due to greater than expected time spent on exemption applications and public understanding work.

\* In these prior years, only the third-party fee income (and not also a proportion of the Government grant) was reported as revenue against its relevant output.

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<b>OUTPUT 2: Approvals:</b>				
The approval of the appointment of independent advisers under rules 18, 21, 22 or 57(1) of the Code or by the terms of an exemption granted, and the appointment of independent experts where required by rule 57(3) of the Code, and the consent of withdrawal of a takeover offer under rule 26, or consent for a defensive tactic under rule 39 of the Code.				
The Panel used its approval resources to consider applications from independent advisers. No applications were considered for experts or consents for withdrawal of takeover offers, or from Code companies to undertake a defensive tactic.				
<i>Actual performance against planned performance standards and performance measures for 2012/2013:</i> <sup>12</sup>				
<b>Performance Measures</b>	<b>Performance Standards</b>			
	<b>Forecast 2012/2013</b>	<b>Actual 2012/2013</b>	<b>Actual 2011/2012</b>	<b>Actual 2010/2011</b>
<b>Quantity</b> Applications for approval of independent advisers and independent experts processed	22-28	24	25	22
Applications for consent of withdrawal of offers, and in relation to defensive tactics	1	0	0	0
<b>Quality</b> Adviser competence and independence was considered by the Panel prior to being approved	100% of advisers	100% of advisers	New measure for 2012/2013	New measure for 2012/2013
No adviser approval was withdrawn by the Panel due to a failure of the Panel to comply with its approval standards	100% of the time	100% of the time <sup>13</sup>	New measure for 2012/2013	New measure for 2012/2013
<b>Timeliness</b> For approvals of independent advisers, decision made by 3 working days after receipt of complete application	95%	100%	96%	100%
For other applications, decision made by 5 working days after receipt of complete application	95%	N/A	100%	100%
<b>Revenue:</b>	\$87,000 5% of forecast revenue	\$53,136 3% of actual revenue	\$31,453 (fees only; Govt grant not reported)	\$40,951 (fees only; Govt grant not reported)
<b>Cost:</b>	\$88,000 5% of forecast expenditure	\$48,933 3% of estimated expenditure	\$65,102	\$89,302

<sup>12</sup> Although described as "planned", the number of independent adviser applications reviewed by the Panel is dependent on the level of market activity.

<sup>13</sup> The 100% figure stated shows that in 100% of adviser approvals given by the Panel, no adviser approval was withdrawn by the Panel due to a failure of the Panel to comply with its approval standards.

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<b>OUTPUT 3: Exemptions:</b>				
The granting of individual and class exemptions for Code transactions or events where relief from the Code's requirements is appropriate and consistent with the objectives of the Code.				
The Panel used its exemptions resources to consider exemption applications as they arose, and to consider class exemptions.				
<i>Actual performance against planned performance standards and performance measures for 2012/2013:</i>				
<b>Performance Measures</b>	<b>Performance Standards</b>			
	<b>Forecast 2012/2013</b>	<b>Actual 2012/2013</b>	<b>Actual 2011/2012</b>	<b>Actual 2010/2011</b>
<b>Quantity</b>				
Applications processed for individual exemptions from the Takeovers Code, categorised as <sup>14</sup>	8-12	13	10	12 breakdown to straightforward or complex is a new measure for 2012/2013
• straightforward	6-9	11	6	
• complex	2-3	2	4	
Class exemptions applied for, or initiated by the Panel, categorised as:	3-5	3	1 breakdown to straightforward or complex is a new measure for 2012/2013	2 breakdown to straightforward or complex is a new measure for 2012/2013
• straightforward	2-3	1		
• complex	1-2	2		
<b>Quality</b>				
The Regulations Review Committee does not recommend disallowance of Panel exemptions, and no Panel decision is successfully judicially reviewed	100% of the time (i.e., none disallowed)	100% of the time (i.e., none disallowed)	None disallowed	100% of the time
Applicants are satisfied with the process as indicated by an external survey	95% of applicants	100% of applicants	New measure for 2012/2013	New measure for 2012/2013
<b>Timeliness</b>				
Exemptions are processed within the timeframe agreed with the applicant	90% of the time	92% of the time	100% of the time	81% of the time
Class exemptions (if granted) are published on the website within 10 working days of being signed	100%	100%	New measure for 2012/2013	New measure for 2012/2013
<b>Revenue</b>	\$193,000 11% of forecast revenue	\$265,679 15% of actual revenue	\$72,771 (fees only; Govt grant not reported)	\$135,898 (fees only; Govt grant not reported)
<b>Cost:</b>	\$194,000 11% of forecast expenditure	\$244,667 15% of actual expenditure	\$227,856	\$379,078

<sup>14</sup> The hours spent on an exemption by Panel members and staff is used as an indicator for complexity:

- straightforwardness is indicated by 50 hours or less
- complexity is indicated by more than 50 hours

## Ensuring transparent and equitable takeover processes

<b>OUTPUT 4: Enforcement:</b>				
Maintaining oversight of takeover activity in the market by reviewing draft documentation informally, and published documentation, for compliance with Code, intervening where necessary in accordance with the Panel's statutory powers, investigating any possible breaches of the Code in accordance with the law and the rules of natural justice.				
The Panel used its enforcement resources to:				
<ul style="list-style-type: none"> <li>• provide assistance to those who have Code obligations to understand their obligations and understand the Panel's likely approach to enforcing the Code;</li> <li>• maintain the efficient 'soft' enforcement of Panel staff reviewing draft Code-related documentation, so that documents better comply with the spirit and intent of the Code, recognising that this collaborative approach is a legitimate and widely publicised use by the Panel of its enforcement powers, that ensures that most compliance issues are picked up early and are easily resolved;</li> <li>• maintain other 'soft' enforcement activities that encourage voluntary rectification of potential Code breaches, so that compliance with the Code is achieved without the attendant costs and reputational loss associated with 'hard' enforcement actions;</li> <li>• take 'hard' enforcement action, including holding one hearing under section 32 of the Takeovers Act.</li> </ul>				
Actual performance against planned performance standards and performance measures for 2012/2013: <sup>15</sup>				
<b>Performance Measures</b>		<b>Performance Standards</b>		
	<b>Forecast 2012/2013</b>	<b>Actual 2012/2013</b>	<b>Actual 2011/2012</b>	<b>Actual 2010/2011</b>
<b>Quantity</b>				
Number of: <sup>16</sup> offer documents reviewed in draft	6-9	10	New measure for 2012/2013	New measure for 2012/2013
meeting documents reviewed in draft	10-14	11		
Percentage of enforcement resources spent on this 'soft' enforcement <sup>17</sup>	a minimum of 74%	71%		
Final offer documents reviewed	6-9	10	7	7
Final meeting documents reviewed	10-14	11	15	7
Percentage of enforcement resources spent on review of final documents	1%	3%	New measure for 2012/2013	New measure for 2012/2013
Number of: Section 32 meetings	1	1	0	0
Section 35 actions	1	0	0	0
Percentage of enforcement resources spent on this 'hard' enforcement	25%	26%	New measure for 2012/2013	New measure for 2012/2013
Involvement in Court proceedings in relation to schemes of arrangement affecting Code companies	1	1	0	0
Number of "no objection" statement applications <sup>18</sup>	1	0	New measure for 2012/2013	New measure for 2012/2013
<b>Quality</b>				
Parties are satisfied with the processes for 'soft enforcement' as indicated by an external survey	90% of respondents	100%	New measure for 2012/2013	New measure for 2012/2013
Parties are satisfied with the soft enforcement professionalism of the executive as indicated by	90% of respondents	100% of	New measure for 2012/2013	New measure for 2012/2013

<sup>15</sup> Although described as "planned", the number of offer documents and meeting documents reviewed by the Panel is dependent on the level of market activity.

<sup>16</sup> The executive often reviews several iterations of documents in draft, and also reviews accompanying or related documents that are not required by the Code but that an acquirer or Code company may wish to publish to shareholders. These interactions can occur rapidly, for example, several times a day, or may focus on a single paragraph etc. Accordingly, it is too onerous to collect data on each interaction, so the percentage of resources used provides supporting quantitative data.

<sup>17</sup> 152 hours of work (9%) of total hours could not be included in the calculations as the jobs were commenced in the 2011/2012 year when this method was not used. It is not thought this would make a material difference to percentages.

<sup>18</sup> The forecast for this measure had assumed that the Companies and Limited Partnerships Amendment Bill would be passed during the 2012/2013 year.

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an external survey		respondents		
No successful Court challenges to Panel decisions or actions taken under s32 or s35 of the Takeovers Act	100% of the time	100% of the time	100% of the time	100% of the time
<b><u>Timeliness</u></b>				
Review of documents is completed within Code timeframes or as agreed by applicants	100% of the time	100% of the time	New measure for 2012/2013	New measure for 2012/2013
Enforcement work is completed within statutory timeframes	100% of the time	100% of the time	N/A	100% of the time
Operate within Court ordered timetables for schemes of arrangement under the Companies Act involving Code companies	100% of the time	N/A	N/A	N/A
<b><u>Revenue</u></b>	\$615,000 35% of forecast revenue	\$584,495 33% of actual revenue	\$0 (fees only; Govt grant not reported)	(\$5,000) (fees only; Govt grant not reported)
<b><u>Cost:</u></b>	\$618,000 35% of forecast expenditure	\$538,267 33% of actual expenditure	\$488,262	\$694,369



## Ensuring transparent and equitable takeover processes

<b>OUTPUT 5 : Public Understanding:</b>				
Regularly publish information about the Code and relevant law, make media statements, issue policy statements, guidance notes and commentaries on current issues, conduct public meetings, and speeches, respond to public enquiries.				
The Panel used its public understanding resources to:				
<ul style="list-style-type: none"> <li>• undertake informal exchanges with market practitioners, company directors, market commentators, and other key stakeholders;</li> <li>• disseminate written information about itself and the Code;</li> <li>• upgrade the Panel's website to make it more functional and more intuitive for users to find the information they seek;</li> <li>• courteously and responsively deal with public enquiries about takeovers law and processes and about the Panel's and the Code's roles.</li> </ul>				
<i>Actual performance against planned performance standards and performance measures for 2012/2013:</i>				
<b>Performance Measures</b>		<b>Performance Standards</b>		
	<b>Forecast 2012/2013</b>	<b>Actual 2012/2013</b>	<b>Actual 2011/2012</b>	<b>Actual 2010/2011</b>
<b>Quantity</b>				
Number of:				
Code Words published <sup>19</sup>	3	3	3	2
Number of hits on the website	3,000-4,000	8,932 (since September 2012 when new website was operational and reporting started)	New measure for 2012/2013	New measure for 2012/2013
Number of:				
Public enquiries	130-150	137	129	136
Feedback meetings	2	10 <sup>20</sup>	New measure for 2012/2013	New measure for 2012/2013
<b>Quality</b>				
Feedback from market participants doing on-line survey indicates the documents published were useful to the reader	95% of respondents	98%	New measure for 2012/2013	New measure for 2012/2013
A feedback field included on the website indicates the website was useful to the user	95% of respondents	25% of respondents <sup>21</sup>	New measure for 2012/2013	New measure for 2012/2013
<b>Timeliness</b>				
Information is published on the website within 10 working days of final Panel sign-off	100% of the time	100%	New measure for 2012/2013	New measure for 2012/2013
Public enquiries are responded to within 3 working days of receiving them	100% of the time	100% of the time	100% of the time	100% of the time
<b>Revenue:</b> (Funded by Government grant and other income except fees)	\$281,000 16% of forecast revenue	\$389,663 22% of actual revenue	Not reported*	Not reported*
<b>Cost:</b>	\$282,000 16% of forecast expenditure	\$358,845 22% of actual expenditure	\$292,957	\$205,941

\* In these prior years, only the third-party fee income (and not also a proportion of the Government grant) was reported as revenue against its relevant output.

<sup>19</sup> Since 2012 Code Word has only been published on-line and not also in hard copy.

<sup>20</sup> The performance reported reflects the Panel's changed strategy for engaging with stakeholders on a one-to-one basis on topical Code matters, as opposed to its former approach of holding annual or biennial large seminar-style meetings.

<sup>21</sup> Only 4 responses were made using the feedback field, and all of those were made in the first weeks after establishing the new website and while ironing out glitches. The Panel notes however that 77.7% of respondents to the Panel's on-line survey indicated that the website was useful to a High or Considerable degree.

## **AUDIT OPINION**

### **Independent Auditor's Report**

#### **To the readers of the Takeovers Panel's financial statements and non-financial performance information for the year ended 30 June 2013**

The Auditor-General is the auditor of the Takeovers Panel (the Panel). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the Panel on her behalf.

We have audited:

- the financial statements of the Panel on pages 24 to 41, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Panel that comprises the report about outcomes on pages 19 to 22 and the statement of service performance on pages 42 to 48.

### **Opinion**

In our opinion:

- the financial statements of the Panel on pages 24 to 41:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Panel's:
    - financial position as at 30 June 2013; and
    - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the Panel on pages 19 to 22 and on pages 42 to 48:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Panel's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
    - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and

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- its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 31 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Members of the Panel and our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Panel's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Panel's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Members of the Panel;
- the appropriateness of the reported non-financial performance information within the Panel's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

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We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Members of the Panel**

The Members of the Panel are responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Panel's financial position, financial performance and cash flows; and
- fairly reflect its service performance and outcomes.

The Members of the Panel are also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Members of the Panel are also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Members of the Panel's responsibilities arise from the Crown Entities Act 2004.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Panel.



Clare Helm  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## **Executive of the Takeovers Panel**

Margaret Bearsley, Chief Executive  
Andrew Hudson, General Counsel  
Matthew Tolan, Senior Associate  
Lauren Donnellan, Associate  
Ashiq Hamid, Solicitor  
Lucy Mehrtens, Solicitor (until 16 August 2013)  
Rachael Hayes, Law Clerk (from 2 September 2013)  
Hilary Fleming, Accountant/Administrator  
Gayle Steere, Office Manager

## **How to contact us**

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