



## MP for Mana

Minister of Broadcasting, Communications and Digital Media

Minister of Civil Defence

Minister of Commerce and Consumer Affairs

Minister of Customs

Associate Minister of Immigration

**26 FEB 2019**

**Andy Coupe**

**Chair**

**Takeovers Panel**

**PO Box 1171**

**Wellington 6011**

**Email: [andy@coupe.co.nz](mailto:andy@coupe.co.nz)**

Dear Andy

## **ANNUAL LETTER OF EXPECTATIONS FOR 2019/20**

I am writing to convey my portfolio priorities and your role in achieving these priorities, along with my strategic and performance expectations for the Takeovers Panel (**Panel**) in relation to the 2019/20 financial year.

The goal of this government's economic strategy is to improve the well-being and living standards of New Zealanders through sustainable and inclusive growth. This means moving beyond narrow economic indicators and measures of success, and instead puts the well-being of our people and the environment at the centre.

### **Commerce and Consumer Affairs priorities and what this means for the Panel**

This Government's priorities extend beyond agency boundaries – many will involve you playing an effective role within an integrated and coherent system. I expect you to focus on working together with the range of agencies and parties that have a stake in achieving these priorities. At the heart of this Government's economic strategy is the idea of a resilient, adaptable, productive and inclusive economy. The Panel and the Takeovers Code (**Code**) make an important contribution to this, by ensuring shareholders in change-of-control transactions are provided with enough information to make informed and timely decisions.

The following paragraphs set out my specific expectations for the Panel.

### **Specific expectations for the Panel**

I appreciate the achievements of the Panel over the last year. The Panel has a strong record in delivering its objectives while maintaining high standards of governance and robust operating systems.

During 2019/20, my specific expectations are that the Panel:

- continue to effectively enforce the Code, and efficiently undertake the no-objection process for Code company schemes under the Companies Act 1993 and in accordance with the Panel's guidance notes
- continue to work closely with the Ministry of Business, Innovation and Employment (MBIE) to support the smooth and effective implementation of changes to the Takeovers Act 1993 and the Code

- continue to work with other agencies to improve the confidence and participation of investors in New Zealand's capital markets
- continue to promote understanding and raise the public profile of the Code amongst shareholders, advisers and acquirers
- understand the direct and indirect costs of the Panel's actions on businesses and the wider economy.

### **General expectations and good governance**

As part of your role in governing a high-performing entity, I expect you to:

- maintain an effective board
- be the primary monitor of the entity's performance and maintain effective relationships with my advisors in MBIE
- operate a no surprises policy.

These expectations are set out in more detail in the Annex to this letter.

### **Strategy and performance information**

All Crown entities must prepare an annual Statement of Performance Expectations (**SPE**) and have an approved Statement of Intent (**Sol**). The annual SPE should provide a clear performance framework and support excellent reporting to Parliament and the public on results.

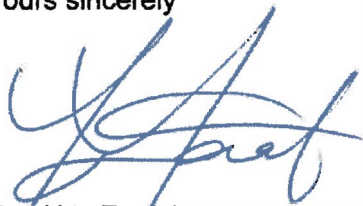
For this year, I do not expect to see a new draft Sol, as the current Sol can remain in place until further notice. However, please advise me as soon as is practicable if your work on the future of the Panel indicates that a new Sol should be developed.

### **Response**

Your advice by 15 March 2019 on how you propose to respond to the expectations set out in this letter would be appreciated. I would be happy to consider approaches that best achieve our collective aims and work well for the Panel. In the first instance, please discuss your proposed response with MBIE.

I look forward to continuing our working relationship over the coming year.

Yours sincerely



Hon Kris Faafoi

**Minister of Commerce and Consumer Affairs**

Copy to: Andrew Hudson  
Chief Executive, Takeovers Panel

James Hartley  
General Manager, Commerce, Consumers and Communications, MBIE

## **Annex 1: General expectations and good governance**

### *Effective board*

Ensuring the board is, and remains, high-performing is essential. Thank you for providing me on 5 December 2018 with the Panel Evaluation Report prepared by Propero Consulting Limited. I am pleased to see the positive results in this report, which indicate that the board is performing well.

I do not expect the board to carry out a self-assessment in 2019. However, I expect the board to address the two identified opportunities for improvement, namely succession planning and enhancing Panel meetings. Thank you for outlining in your letter of 5 December 2018 the ways in which you attend to achieve this. I also expect you to continue providing MBIE with your view of the competency mix you need to work well as a board, along with your thoughts on upcoming appointments and any candidate attributes to target.

### *Effective monitoring of entity performance by board and relationship with MBIE*

In addition to setting and driving a strategy that delivers on government priorities, your board is the most important monitor of entity performance. I expect the board to provide me and MBIE with high-quality information and analysis on entity performance against your strategic plan, implications for future performance, and risks and opportunities facing the entity.

I also expect you to have a constructive working relationship with your monitor within MBIE.

### *No surprises*

The Government has a 'no surprises' policy. No surprises means that the Government expects a board to:

- be aware of any possible implications of their decisions and actions for wider government policy issues
- advise the responsible Minister and the entity's monitor of issues that may be discussed in the public arena or that may require a ministerial response, preferably ahead of time or otherwise as soon as possible, and
- inform the Minister in advance of any major strategic initiatives.

I also ask you to avoid 'pre-judging' my potential responses to risks and opportunities. I expect to hear about emerging issues and what major actions the board is considering. My reactions will be based on a range of factors, including the benefits of new initiatives and of taking different approaches to achieve our goals.

