

Hon Dr David Clark

MP for Dunedin

Minister of Commerce and Consumer Affairs
Minister for the Digital Economy and Communications
Minister for State Owned Enterprises
Minister of Statistics
Minister Responsible for the Earthquake Commission



Carl Blanchard
Acting Chair
Takeovers Panel
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Dear Carl

ANNUAL LETTER OF EXPECTATIONS FOR 2022/23

I write to convey my strategic and performance expectations for the Takeovers Panel (the **Panel**) in relation to the 2022/23 financial year.

Contributing to Government priorities

In addition to keeping New Zealanders safe from COVID-19, the Government's priorities this year include accelerating our economic recovery by building a productive, sustainable, and equitable economy. Wellbeing will continue to inform the Government's view of success as we focus on creating a fairer New Zealand through sustainable and inclusive growth.

The Panel continues to play an important role in accelerating New Zealand's economic recovery by strengthening the integrity of our capital markets. Facilitating a fair, open, and efficient takeovers market by enforcing the Code and ensuring that shareholders in change-of-control transactions are provided with enough information to make informed and timely decisions in turn strengthens investor confidence.

General expectations and good governance

I expect the Panel to work constructively with the Government to keep my officials updated with progress towards fulfilling my expectations and priorities. I also expect the Panel and the Ministry of Business, Innovation and Employment (**MBIE**) to work closely together with regular communication and strong alignment of respective, and overlapping, work programmes. 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 Panel's performance and maintain effective relationships with my advisors at MBIE
- operate a "no surprises" policy. These expectations are set out in more detail in **Annex 1** to this letter.

In addition, I expect the Panel to follow governance and monitoring expectations contained in the [Enduring Letter of Expectations](#) from the Minister of Finance and Minister of State Services to Statutory Crown Entities in 2019 and the MBIE publication [Monitoring arrangements for MBIE-monitored Crown entities](#).

Specific priorities and expectations for the Takeovers Panel

I would like to acknowledge the Panel's continued hard work throughout 2021. These have been difficult times for us all, and the Panel has maintained high standards of governance and robust operating systems throughout to maintain investor confidence in New Zealand's capital markets.

During the 2022/23 financial year, my specific expectations are that the Panel:

- continues 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
- continues to promote public understanding of takeovers law and practice and raise the public profile of the Code amongst shareholders, advisers, and acquirers
- understands the direct and indirect costs of the Panel's actions on businesses and the wider economy
- continues to work closely with MBIE to support the smooth and effective implementation of changes to the Takeovers Act and Code where required
- continues to work effectively with other agencies and parties to improve confidence and participation in New Zealand's capital markets
- develop the Panel's Māori cultural capability including knowledge of tikanga Māori, te ao Māori, New Zealand history and how to address institutional racism, as set out under Supporting future-focussed Māori Crown relations in the *Enduring Letter of Expectation*.

Response

I would appreciate your response to this letter by 16 April 2022, outlining how you propose to address the expectations above.

I look forward to having a good working relationship with the Panel over the coming year.

Yours sincerely



Hon Dr David Clark

Minister of Commerce and Consumer Affairs

Copy to: Andrew Hudson
Chief Executive, Takeovers Panel

Andrew Hume
General Manager, Small Business, Commerce and Consumer Policy

Annex 1: General expectations and good governance

Effective Board

Ensuring the Board is, and remains, effective and high performing is essential. To assist with this, I expect the Board to periodically employ robust and effective self-review processes. I understand that the last Board self-review was performed in 2018. In December 2018, the Panel wrote to advise my predecessor of the steps the Panel would implement to continue improving its governance effectiveness. I expect the Panel to keep me and my officials at MBIE abreast of any further progress in implementing the advice from that review, and of plans to undertake the next self-review.

Your input on succession planning for the Board is sought. I expect you to keep my officials at MBIE informed of your view of the competency and experience mix you need to work well as a board, along with your thoughts on upcoming appointments and any candidate attributes to target. I expect the Board to ensure it focusses on maintaining strong organisational capability, health and culture, open lines of communication with its stakeholders, and a focus on delivery.

Effective monitoring of Panel's performance by the Board

In addition to setting and driving a strategy that delivers on the Government's priorities, the Board is the most important monitor of the Panel's performance. I expect the Board to provide me with high-quality information and analysis (including through regular reporting to my officials at MBIE and in meetings with me) on the Panel's ongoing performance against its strategic and operational plans, implications for future performance, and risks and opportunities facing the Commission and how it is responding to them.

As you are aware, all Crown entities must prepare an annual Statement of Expectations (**SPE**) and have an approved Statement of Intent (**SOI**) under the Crown Entities Act 2004. I expect the Panel's SOI to drive its overall direction and performance. I understand the Panel's latest SOI for 2020 – 2024 was issued in June 2020. I expect the annual SPE to provide a clear performance framework and support excellent reporting to Parliament and the public on the results.

Relationship with MBIE and other agencies

I expect you to have a collaborative and constructive working relationship with your monitor at MBIE. This relationship should include active participation and engagement with my officials in the process of setting the Panel's strategic direction and in any review of existing strategies, priorities and plans.

I also expect you to work with and across government to integrate the work of the Panel with the role and work of other agencies, and to support the state sector stewardship of government departments.

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 of important initiatives and issues that may be of significance in their portfolio areas, controversial or discussed in the public arena or require a ministerial response, preferably ahead of time or otherwise as soon as possible; and
- inform the responsible Minister in advance of any major strategic initiatives.