



11 APR 2018

Andy Coupe
Chair
Takeovers Panel
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Dear Andy

ANNUAL LETTER OF EXPECTATIONS FOR 2018/19

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 2018/19 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**) go to the heart of this intention, 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

My particular expectations for the Panel in 2018/19 are:

- 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 and participation 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 (**SoI**). 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 SoI, as the current SoI 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 SoI should be developed.

Response

Your advice by 27 April 2018 on how you propose to respond to the expectations set out in this letter and its Annex 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 the MBIE.

I look forward to developing an effective working relationship with you over the coming year.

Yours sincerely



Hon Kris Faafoi
Minister of Commerce and Consumer Affairs

Copy to: Andrew Hudson
Chief Executive, Takeovers Panel

Brad Ward
General Manager, Commerce, Consumers & Communications, MBIE

Annex 1: General expectations and good governance

Effective board

Ensuring the Panel is, and remains, high-performing is essential. There are many tools to help boards self-assess and improve performance. I expect you to use a robust process, and advise me and MBIE of the result of this self-assessment by 17 December 2018, including what steps the board is taking to respond to the findings of your annual self-review. MBIE can provide support for the board in undertaking this work.

Your input into succession planning for the board is also sought. I expect you to provide 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 boards 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 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 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
- 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.