

House of Representatives  
**Supplementary Order Paper**

**Tuesday, 19 June 2012**

**Mixed Ownership Model Amendment Bill**

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*Proposed amendment*

Hon Trevor Mallard, in Committee, to move the following amendment:

*New Part 3*

After *clause 18* (after line 17 on page 12), insert:

**Part 3**

**Provisions for the protection of Government  
revenue and fiscal responsibility**

- 19 Restriction on reducing Crown's asset holdings without consent**
- (1) No Minister who is a shareholder in a mixed ownership model company may take any of the following actions prior to completing the requirements of **section 20**:
    - (a) sell or otherwise dispose of any shares in the company held in the Minister's name:
    - (b) permit shares in, or other securities of, the company to be allotted or issued to any person.
  - (2) A mixed ownership model company must not issue, acquire, or redeem shares in, or other securities of, the company, if the issue, acquisition, or redemption would reduce the Crown's holding of the company, until the relevant Minister has completed the requirements of **section 20**.
  - (3) Any sale, disposal, issue, acquisition, or redemption of shares or other securities that breaches **subsection (1) or (2)** is invalid and of no effect .

**20 Requirements for sale of mixed ownership model company**

- (1) Before a Crown holding in any mixed ownership model company may be reduced through any of the transactions mentioned in **section 19**, the relevant Minister responsible for the company must submit to the House of Representatives a report containing the following information:
  - (a) an independent valuation of the mixed ownership model company in which the Crown holding is to be reduced:
  - (b) the proposed sale price and amount of the Crown holding to be sold:
  - (c) the annual revenue lost to the Crown by the reduction in their holding of that company:
  - (d) an independent valuation of the effect on prices of any goods or services provided by that company as a result of the reduction in the Crown holding:
  - (e) an independent assessment of any likely environmental or social effects as a result of the reduction in the Crown holding:
  - (f) the Minister's recommendation of whether the transaction should be allowed:
  - (g) the Minister's justification for the transaction.
- (2) The House of Representatives, after considering the information provided under **subsection (1)** must hold a ballot.
- (3) The results of the ballot of the House of Representatives held under **subsection (2)** must be published as soon as practicable in the *Gazette*.
- (4) If more than half the votes cast are in favour of the transaction, upon publication by the House of Representatives of the notice required by **subsection (3)**, the transaction may proceed.

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**Explanatory note**

The Government has an obligation to the New Zealand public to ensure that it conducts itself in a fiscally responsible manner. This includes behaving in a manner that protects the interests of New Zealanders over the long term not merely the short term.

There is a danger in selling shares in Crown-owned companies that the dividends received from that company may be greater than the level of interest the Government is required to pay on debt that it owes. In this situation over the long term the Government will worsen its debt situation should it sell Crown-owned companies.

By requiring the Minister to do an assessment of potential damage to Crown interests by the sale of shares in Crown-owned companies and present it to the

House of Representatives, members of Parliament are given the opportunity to act as an approval mechanism to ensure any unwarranted sales do not take place.

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