

Hon Dr Michael Cullen

Minister of Finance



21 October 2004

Media Statement

Powerco sale reluctantly approved– Cullen

Finance Minister Michael Cullen has approved the sale of a majority stake in Powerco to Australian company Prime Infrastructure Networks, primarily on the basis of precedent and advice that a judicial review would likely succeed were the application declined.

“The purchase complies with New Zealand’s regulatory framework so the government cannot credibly intervene to prevent it and Ministerial decisions under the Overseas Investment Act are subject to appeal in the courts.

“It is not the government’s role to interfere in lawful commercial transactions, especially when they are as far advanced as this one is and as strongly supported by shareholders,” Dr Cullen said.

“The buyers clearly meet the criteria of the Act in that they are of good character, have demonstrated the necessary financial commitment and have relevant business experience

“It is, however, with great reluctance that I am letting the deal proceed as there were aspects of the process that concerned me.

“Although the Audit Office found that the New Plymouth District Council was not required under the Local Government Act to consult ratepayers before deciding to quit its shareholding in Powerco, consultation would have been desirable given the size and significance of the asset involved.

“And the decision by the Takeovers Panel to grant a waiver allowing Prime to structure its offer differently for New Zealand and overseas shareholders can only be described as unfortunate given the shambles which ensued,” Dr Cullen said.

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