

Our Ref: H2-100-CON / 200821582

8 June 2015

Contact Energy Limited  
Level 2, Harbour City Tower  
29 Brandon Street  
Wellington 6011

**BY EMAIL**

Attention: [REDACTED]

Dear [REDACTED]

**Breaches of the Overseas Investment Act 2005: Totara Downs/[REDACTED]**

1. [REDACTED]'s letter of 17 September 2014 refers.
2. Thank you for bringing to our attention the two transactions which were given effect by Contact Energy Limited (**Contact**) in breach of the Overseas Investment Act 2005 (**Act**).
3. The transactions in question were:
  - (a) a land swap with the Waikato District Council resulting from the realignment of a public road; and
  - (b) a boundary adjustment with [REDACTED] one of a series of transactions intended to facilitate the sale of land by Contact Energy Limited.
4. In each case, Contact no longer owns the land it acquired in breach of the Act.
5. While we acknowledge that Contact had a process in place to ensure compliance (the 'Land Acquisition and Disposal Checklist'), the process was clearly inadequate.
  - (a) In the case of the land swap with the Waikato District Council, you say that the checklist was not identified as being relevant because, in the particular circumstances, Contact did not consider itself to be acquiring new land, and no money was paid.

However, Contact was obviously acquiring new land and the decision that the checklist was not relevant was therefore obviously wrong.
  - (b) In the case of the boundary adjustment with [REDACTED], you say that the boundary adjustment was agreed after the checklist had been completed.

Contact's failure to reconsider the checklist after such a major change to the transaction was a significant departure from what we expect of investors.
6. Breaches of the Act like these are unacceptable. They divert scarce resources from processing applications for consent, and from investigating more serious breaches of the Act.

7. Our expectation is that all investors have processes in place to ensure that they comply with the Act. Our expectations of investors like Contact are even greater. Contact's processes should not have allowed these errors to be made. The fact that these errors were made has led us to lose confidence in Contact's ability to comply with the Act.
8. We have considered the matters raised in your letter, and in all of the circumstances, have decided not to take enforcement action against Contact on this occasion.
9. A number of matters have influenced our decision, including the small areas of land involved, that Contact no longer owns the land concerned, that Contact brought these transactions to our attention and cooperated with our investigation (a significant consideration), and the internal training subsequently undertaken by Contact.
10. The outcome will likely be different if Contact was to breach the Act again. A further breach of the Act by Contact or its associates, is likely to result in a prosecution under section 42 of the Act, and may result in an application for an order under section 47 requiring that the land be disposed of.

Yours sincerely

[Redacted signature]

[Redacted name]

[Redacted title]

Overseas Investment Office

DDI: [Redacted]

Email: [Redacted]