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Our Ref: 201520049

8 August 2019

Emily Warren  
Bell Gully  
Vero Centre  
48 Shortland Street  
Auckland

**BY EMAIL:** Emily.warren@bellgully.com

Dear Ms Warren

**Elviti Finance Limited - acquisition of 100% of the shares in NZP Holdings Limited**

1. We refer to your email of 15 July 2019 in which you submitted Elviti Finance Limited's (**Elviti**) Annual Report to the Overseas Investment Office in respect of their Overseas Investment Act 2005 (**the Act**) consent dated 23 March 2016.
2. Elviti obtained consent in March 2016 for the acquisition of rights or interests in 100% of NZP Holdings Limited (**NZP**).
3. As part of the consent application, Elviti undertook to increase its current New Zealand workforce by 8 FTEs.
4. Among other conditions imposed on Elviti, special condition 4 set out that:  
"Elviti must procure the Target [NZP] to create at least 8 jobs in New Zealand by 31 December 2017, such jobs to be generally similar to the job positions referred to in Appendix S of the Application."
5. Appendix S (updated version as provided by Andrew Petersen of your office by email on 25 November 2015) noted the following employment commitments as part of the application:

*"Under Archer's ownership, NZP intends to employ 10 new FTE hires, of which at least 8 will be in New Zealand at a total salary package of [ s 9(2)(b) ] per annum. These new hires include the significant appointments in New Zealand of a new General Manager, and a Finance Manager, the purposes of which are specifically to free up senior staff such as the Chief Executive Officer and the Chief Financial Officer to dedicate a greater proportion of their time to [ s 9(2)(b)(ii) ]"*

*The additional hires are expected to be:*

- A Head of Quality (NZ);
- 2 R&D technicians (NZ);
- 2 operators (NZ); and
- 1 administration staff member (NZ).

*These jobs will be created in FY16 and FY17 irrespective of the outcome of any of the contingencies applicable to the Development Projects."*

6. In July 2017 Elviti reported<sup>1</sup> to the OIO that it had increased the base workforce from 72 to 74, which included the appointment of:
  - (a) A Chief Strategic Officer
  - (b) General Manager (internal promotion)
  - (c) Finance Manager.

No explanation however was provided in the Annual Report regarding the drastic decrease in number of FTE's from 120 (at the time the consent was granted) to 72 (one year after the consent was granted).

7. In June 2018 Elviti reported<sup>2</sup> to the OIO that NZP had established a further two positions:
  - (a) Procurement Manager
  - (b) IT Support Officer.
8. Elviti also reported that NZP had re-opened eight roles. However it does not appear that these roles were filled.
9. In July 2019 Elviti reported<sup>3</sup> that as at 31 May 2019 NZP's base workforce had increased to 76 (excluding factory operators), and that a further five roles were open but vacant.
  - (a) Chief Commercial Officer;
  - (b) Engineering Project Manager (Strategic Projects)
  - (c) Quality Control Lab Technician
  - (d) IT Systems Administrator;
  - (e) Project Fitter (Engineering).
10. It appears from the information provided in the annual reports that NZP's baseline staff increase is 4 over the past three years (from 72 referenced in the 2017 report to 76 referenced in the 2019 report).
11. We note the comment in Elviti's 2019 Annual Report that the creation of these four roles, and the fact that it has introduced and re-opened a number of roles satisfies the consent condition and further reporting is not required. We also note that none of noted vacant roles are currently advertised<sup>4</sup>.
12. Taking into consideration the above information, it appears that Elviti may be in breach of special condition 4 as it has failed to "create at least 8 new jobs in New Zealand by 31 December 2017."

### **Information requested**

13. Before we make a determination what enforcement action we should take, if any, with respect to the above, we invite you to explain to us:
  - (a) Why there is a discrepancy in the number of FTEs reported in the 2015 application (120) and the Annual Reports (72 in 2017; 76 in 2019).
  - (b) What efforts have been made to attract and retain suitable staff to fill the positions outlined in special condition 4?

<sup>1</sup> Email from Glenn Shewan attaching Annual Report dated 3 July 2017.

<sup>2</sup> Email from Glenn Shewan attaching Annual Report dated 29 June 2018.

<sup>3</sup> Email from Emily Warren attaching Annual Report dated 15 July 2019.

<sup>4</sup> <https://www.nzp.co.nz/careers/vacancies> viewed on 8 August 2019.

(c) What steps Elviti intends to take to meet this condition?

14. Please provide us with any other information that you consider relevant to our enquiries. Please provide us with your response by 5pm on Friday 23 August 2019.

Yours sincerely

[ s 9(2)(a) ]

Susie Campbell  
Investigator  
Overseas Investment Office

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