

By email scampbell@linz.govt.nz

Susie Campbell

Overseas Investment Office
Radio New Zealand House
155 The Terrace
PO Box 5501
Wellington 6145

FROM **Glenn Shewan / Gabrielle Carter**
DDI +64 9 916 8726 / +64 9 9168691
MOBILE +64 21 828 926 / -
EMAIL glenn.shewan@bellgully.com
EMAIL gabrielle.carter@bellgully.com
MATTER NO. 402-9595
DATE 23 August 2019

Elviti Finance Limited – OIO queries regarding annual report

1. Introduction

1.1 We refer to your letter dated 8 August 2019 (the **Letter**) which sets out a number of queries relating to Elviti Finance Limited (**Elviti**)'s Annual Report to the Overseas Investment Office (**OIO**). The Annual Report was made in respect of Elviti's OIO consent dated 23 March 2016 (the **Consent**).

1.2 We set out below Elviti's responses to the information requested at 13(a) to (c) of the Letter.

2. 13(a): Why is there a discrepancy in the number of FTEs reported in the 2015 application (120) and the Annual Reports (72 in 2017, 76 in 2019)?

2.1 The 120 FTE number referenced in Elviti's 2015 OIO application (the **Application**) represents New Zealand Pharmaceuticals' (**NZP**) total New Zealand based workforce as at the time of submission. This number includes both factory operators at NZP's primary manufacturing site located in Palmerston North, as well as head office staff who are also located at that site.

2.2 NZP's factory operator workforce can fluctuate over time due to changes in customer demand patterns (and corresponding production requirements) and were therefore excluded from the 2017, 2018 and 2019 Annual Reports. While this was noted in brief in previous reports, Elviti appreciates that this was not set out in detail.

2.3 The table below summarises the evolution of NZP's total New Zealand based workforce, including both factory operators and head office staff. The numbers in the first row of the table (i.e. head office staff) were reported to the OIO in each of the 2017, 2018 and 2019 Annual Reports. The bottom row of the table (which includes factory operator staff) is presented on a consistent basis to the 120 FTE number referenced in the Application:

	May-17	May-18	May-19
FTE Head Office Staff	74	74	76
FTE Factory Operators	46	52	53
FTE NZP NZ Workforce	120	126	129

2.4 As set out in the table above, NZP's total New Zealand based workforce has increased from 120 FTEs at the time of the Application to 129 as at May 2019. This represents an increase of nine FTEs against Elviti's obligation to increase its New Zealand based workforce by eight

FTEs under special condition 4. Further, as outlined in the 2019 Annual Report, NZP currently has a number of open but vacant roles which, when filled, will further increase NZP's New Zealand based workforce.

2.5 Given NZP's New Zealand based workforce has increased by more than 8 FTEs since the time of the Application, and given a number of additional roles are currently being actively recruited or remain open but vacant (as outlined in the 2019 Annual Report, some of which have since been filled), Elviti remains of the view that this condition has been satisfied.

3. **13(b): What efforts have been made to attract and retain suitable staff to fill the positions outlined in special condition 4 (of the Consent)?**

3.1 Elviti has gone to significant lengths to attract and retain suitable staff to fill the positions outlined in special condition 4. Specifically:

- (a) General Manager (one role): Successfully recruited in April 2016 (as outlined in the 2017 annual report). The total remuneration package for this role was approximately **[s 9(2)(b)]**
- (b) Finance Manager (one role): Successfully recruited in January 2017 (as outlined in the 2017 annual report). The total remuneration package for this role was approximately **[s 9(2)(b)]**
- (c) Process Operators (two roles): Successfully recruited both roles, with live recruitment activities ongoing (noting that the Process Operator role is subject to higher employee turnover, thereby necessitating continued recruitment activity). The total remuneration package for each role was approximately **[s 9(2)]** (i.e. **[s 9(2)]** in aggregate). Elviti also notes that, as outlined in the table in section 2.3 above, five additional operator roles (i.e. seven in total) have been added since submission of the Application;
- (d) Administration Staff Member (one role): Successfully recruited an IT Support Officer in May 2018 (this was a newly created role at that time). The total remuneration package for this role was approximately **[s 9(2)]**

3.2 In addition, Elviti has created three additional roles which were not initially contemplated in the Application as follows:

- (a) Chief Strategic Officer (one role): Successfully recruited in May 2017 (as outlined in the 2017 annual report). The total remuneration package for this role was approximately **[s 9(2)(b)]**
- (b) Chief Commercial Officer (one role): Active recruitment is currently underway, with the recruitment process now at an advanced stage (noting that this role was flagged as being open but vacant at the time of the 2019 Annual Report). The total remuneration package for this role is expected to be approximately **[s 9(2)(b)]**
- (c) Corporate Accountant (one role): Active recruitment is currently underway, with the recruitment process at an advanced stage (noting that this role was created post submission of the 2019 Annual Report). The total remuneration package for this role is expected to be approximately **[s 9(2)]**

3.3 The three additional roles referenced in section 3.2 above replace the below roles that were contemplated in the Application but not subsequently created, with Elviti needing to change its resourcing strategy post submission of the Application in response to changing market conditions and business requirements:

- (a) Research and Development Technicians (two roles): These roles were recruited however have been based in the United Kingdom instead of New Zealand (given NZP's primary Research and Development Facility is located there);
- (b) Head of Quality (one role): This position is currently on hold and is not actively being recruited due to NZP having sufficient leadership resources in this area at present (although, as set out below, a Quality Engineer is currently being recruited).
- 3.4 Elviti notes that the aggregate annual salary package of the roles that either have been recruited, or are currently in the process of being recruited (as outlined above), is in the order of **s 9(2)(b)** p.a., exceeding the **s 9(2)** p.a. expectation set out in the Consent.
- 3.5 In addition to the above, and as outlined in section 10 of the 2019 Annual Report, there were additional open but vacant roles within NZP. Elviti notes that in the time since the submission of the 2019 Annual Report, the Quality Control Lab Technician position and the Project Fitter (Engineering) position have been filled, with both staff commencing in June 2019. The Engineering Project Manager and the IT Systems Administrator roles are currently on hold. Recruitment for those roles will be revisited in line with business requirements. An overview of the roles that NZP is actively recruiting for, and the corresponding efforts to recruit, is set out below for reference:

Summary of live recruitment efforts		
Role	Current status	Recruitment efforts
Chief Commercial Officer	Recruitment process ongoing (at an advanced stage)	Working with Inside Recruitment (a New Zealand based recruitment agency). Role not advertised on company website due to specific skillset required.
Quality Engineer	Recruitment process ongoing	Advertising on NZP website: https://www.nzp.co.nz/vacancies/quality-engineer Seek.co.nz: https://www.seek.co.nz/job/39667677?type=standard&searchrequesttoken=3be428d9-86fc-4e34-9128-58c39f06f4e0 nz.indeed.com: https://nz.indeed.com/viewjob?ik=72861b0025a54633&tk=1dime9hqr1035002&from=serp&vjs=3 Working with Stellar Recruitment (agency based in Auckland)
Process Operators	Recruitment process ongoing	Advertising on NZP website: https://www.nzp.co.nz/vacancies/process-operator nz.indeed.com: https://nz.indeed.com/viewjob?jk=76e8d3e020cbc282&tk=1dime9hqr1035002&from=serp&vjs=3
Corporate Accountant	Recruitment process ongoing (at an advanced stage)	Advertising on Seek.co.nz:

		<p>https://www.seek.co.nz/job/39550516?type=standard&searchrequesttoken=3be428d9-86fc-4e34-9128-58c39f06f4e0</p> <p>Working with Adecco Recruitment (agency based in Palmerston North)</p>
--	--	--

3.6 More generally, Elviti utilises a number of resources and recruitment channels when looking to recruit New Zealand based staff. Some of these are set out in the table above, but the resources and recruitment channels that are ultimately used vary depending on the relevant role being filled. A selection of Elviti's typical resources and recruitment channels is provided below for reference:

- (a) Seek (both in Australia and New Zealand);
- (b) LinkedIn;
- (c) TradeMe Jobs;
- (d) INZ's website (Skillfinder), noting that NZP holds Accredited Status with INZ;
- (e) local Palmerston North agencies (e.g. Adecco, PN Personnel, Sterling HR);
- (f) wider New Zealand agencies (e.g. Inside Recruitment, Science & Technical Recruitment, Technical Recruitment Solutions, RobLaw Max Recruitment);
- (g) NZP's website (including internal NZP company intranet announcements); and
- (h) word of mouth / recommendations from existing staff.

3.7 In relation to the OIO's observation that specified roles were not advertised on NZP's website, Elviti notes that, due to staff turnover within NZP's IT department and recent website maintenance, job advertisements were temporarily not being posted on NZP's website. Elviti notes that this issue has now been rectified and job advertisement via the company's website has recommenced (where appropriate).

3.8 Further, Elviti notes that, whilst NZP's usual process is to advertise vacancies on the company website (where appropriate), some roles are deliberately *not* advertised on NZP's website due to specific requirements or characteristics of the given role. For example:

- (a) As outlined above, NZP is currently actively recruiting to fill the Chief Commercial Officer position referenced in section 10 of the 2019 Annual Report. This is a senior position at NZP, with eligible candidates requiring a very specific set of skills and experience. Elviti is working with Inside Recruitment (a New Zealand based recruitment agency) on this hire, with the recruitment process currently at an advanced stage. Due to the characteristics and requirements of this position, Elviti deliberately chose not to advertise the role on NZP's website.
- (b) Similarly, NZP is currently actively recruiting to fill the Corporate Accountant position. Elviti notes that it has experienced difficulties in recruiting high quality finance function personnel in the past, and so has engaged Adecco (a recruitment agency with operations in Palmerston North) to assist with recruitment efforts and has also advertised the role on Seek.co.nz. Similar to the approach taken with respect to the Chief Commercial Officer position, Elviti deliberately chose not to advertise this position on NZP's website due to the specific characteristics and requirements of the role.

4. **13(c): What steps does Elviti intend to take to meet special condition 4?**

- 4.1 As outlined above, given NZP's New Zealand based workforce has increased by more than eight FTEs since submission of the Application, and given a number of additional roles currently remain open but vacant with ongoing, active recruitment efforts via various channels in progress, Elviti remains of the view that this condition has been satisfied.
- 4.2 Notwithstanding this, Elviti welcomes further dialogue with the OIO regarding any additional questions or concerns that may exist in relation to this matter.

Kind regards

[Sgd: Glenn Shewan]

Glenn Shewan
Special Counsel

Released under the Official Information Act 1982