

## STATE-OWNED ENTERPRISES (CONTACT ENERGY LIMITED) AMENDMENT BILL

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### EXPLANATORY NOTE

#### *General Policy Statement*

This Bill will enable the Government at some future date to make a decision on the sale of Contact Energy Limited without further reference to Parliament. Before the Government made any such decision it would complete a scoping study of the Crown's ownership interests in Contact.

#### *Clause by Clause Analysis*

*Clause 1* relates to the Short Title and commencement of the Bill.

The Bill comes into force on a date to be appointed by the Governor-General by Order in Council and different dates may be appointed bringing different provisions into force on different dates.

Before appointing a date to bring Contact Energy Limited out of the coverage of the Ombudsmen Act 1975 and the Official Information Act 1982, the Governor-General must be satisfied that the Crown no longer holds more than 50 % of the ordinary shares in the company.

Before appointing a date to terminate Contact Energy Limited's tax status as a State enterprise, the Governor-General must be satisfied that the Crown does not hold shares in the company.

*Clause 2* provides that the Act, effectively giving the Executive the right to sell Contact Energy Limited, expires within 2 years if that right is not exercised.

*Clause 3 (1) and (3)* omits Contact Energy Limited from the First and Second Schedules of the State-Owned Enterprises Act 1986.

Section 11 of that Act prohibits the sale by the Crown of shares held in a State enterprise named in the Second Schedule. The omission of the company from the Second Schedule, in effect, removes the restriction on the sale of the Crown's shares.

The effect of removing the company from the First Schedule of that Act is that the company will no longer be a State enterprise subject to that Act.

However, some provisions of the State-Owned Enterprises Act 1986 will continue to apply to the company. Section 22 (provisions relating to Ministers' shareholding) will apply so long as Ministers of the Crown continue to hold shares in the company. Sections 23 to 30 (which include provisions relating to transfer of

assets and liabilities, including land) will apply to the company without limitation as to time.

*Clause 3 (7)* omits Contact Energy Limited from Part II of the First Schedule of the Ombudsmen Act 1975. The company will thus cease to be an organisation to which that Act applies. As a consequence, the Official Information Act 1982 will also cease to apply to the company.

*Clause 3 (8)* omits Contact Energy Limited from Schedule 18 of the Income Tax Act 1994. Schedule 18 contains a list of State-owned enterprises. Under section CB 3 (a) of that Act, the incomes of public authorities are exempt from income tax. That exemption does not, however, apply to State-owned enterprises.

State-owned enterprises are also special corporate entities (as that term is defined) in section OB 1 of the Income Tax Act 1994.

*Clause 3 (9)* effects the consequential revocation of the 1995 Order in Council that provided for Contact Energy Limited to become a State enterprise under the State-Owned Enterprises Act.

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*Hon Tony Ryall*

**STATE-OWNED ENTERPRISES (CONTACT ENERGY LIMITED) AMENDMENT**

ANALYSIS

Title  
1. Short Title and commencement

2. Expiry  
3. Provision for Contact Energy Limited to cease to be State enterprise

A BILL INTITULED

**An Act to amend the State-Owned Enterprises Act 1986 in relation to Contact Energy Limited**

BE IT ENACTED by the Parliament of New Zealand as follows:

5     **1. Short Title and commencement**—(1) This Act may be cited as the State-Owned Enterprises (Contact Energy Limited) Amendment Act 1998, and is part of the State-Owned Enterprises Act 1986\* (“the principal Act”).

10     (2) This Act comes into force on a date to be appointed by the Governor-General by Order in Council; and one or more Orders in Council may be made bringing different provisions into force on different dates.

15     (3) A date may be appointed under **subsection (2)** for bringing **section 3 (7) and (9)** into force only if the Governor-General is satisfied, at the time of the making of the Order in Council, that at least 50 % of the ordinary shares in Contact Energy Limited are no longer held by Ministers of the Crown on behalf of the Crown.

20     (4) A date may be appointed under **subsection (2)** for bringing **section 3 (8)** into force only if the Governor-General is satisfied, at the time of the making of the Order in Council, that none of the ordinary shares in Contact Energy Limited is held by Ministers of the Crown on behalf of the Crown.

\*R.S. Vol. 33  
Amendment: 1996, No. 82

**2. Expiry**—This Act expires and is deemed to have been repealed on the close of the day that is 2 years after the date on which this Act receives the Royal assent unless an Order in Council is made under **section 1 (2)** bringing all or any of the provisions of this Act into force before the close of that day. 5

**3. Provision for Contact Energy Limited to cease to be State enterprise**—(1) The principal Act is amended by omitting from the First Schedule the item “Contact Energy Limited”.

(2) However, so long as Ministers of the Crown continue to hold shares in Contact Energy Limited (“the company”) on behalf of the Crown, section 22 of the principal Act continues to apply as if— 10

(a) The company were a State enterprise; and

(b) The Minister of Finance and the Minister for the time being responsible for Contact Energy Limited were the shareholding Ministers for the company. 15

(3) The principal Act is amended by omitting from the Second Schedule the item “Contact Energy Limited”.

(4) However, sections 23 to 30 of the principal Act, and any Order in Council made at any time under any of those sections, continue to apply after the coming into force of **subsection (3)** as if— 20

(a) The company were a State enterprise and a company named in the Second Schedule of that Act; and 25

(b) The Minister of Finance and the Minister for the time being responsible for Contact Energy Limited were the shareholding Ministers for the company.

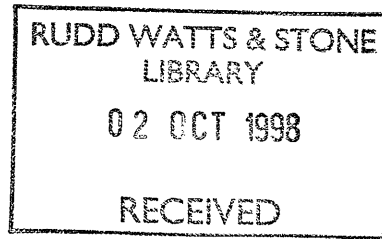
(5) **Subsection (4)** applies whether or not all or any of the shares in the company are held by Ministers of the Crown on behalf of the Crown. 30

(6) Each Minister of the Crown who holds shares in the company on behalf of Her Majesty the Queen may exercise all or any of Her Majesty’s rights and powers as the holder of those shares. 35

(7) The Ombudsmen Act 1975 is amended by omitting from Part II of the First Schedule the item “Contact Energy Limited.”

(8) The Income Tax Act 1994 is amended by omitting from Schedule 18 the item “Contact Energy Limited”. 40

(9) The State-Owned Enterprises Order 1995 (S.R. 1995/250) is consequentially revoked.



**SOCIAL WELFARE (TRANSITIONAL PROVISIONS)  
AMENDMENT BILL (NO. 2)**

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EXPLANATORY NOTE

*General Policy Statement*

This Bill changes the mechanism for making the annual adjustment to the rates of New Zealand superannuation and veteran's pensions in section 13A of the Social Welfare (Transitional Provisions) Act 1990.

Section 13A requires the rates to be adjusted annually by the percentage movement in the Consumers Price Index (section 13A (2)), but within certain limits (section 13A (3)). The limits for the rates payable to a married couple relate to the average wage, within a percentage band, and the limits for the single living alone and sharing rates are a fixed percentage of the combined married couple rate.

The Bill changes the percentage band for the married couple rate by lowering the lower end of the band from not less than 65% of the average wage to not less than 60%.

The Bill also ensures that the application of section 13A (3) does not reduce the rate payable in any circumstances.

*Clause by Clause Analysis*

*Clause 1* relates to the Short Title and commencement. The Bill applies in respect of the adjustment to the rates of New Zealand superannuation and veteran's pensions required under section 13A of the principal Act to be made on 1 April 1999 and in subsequent years.

*Clause 2* amends section 13A of the principal Act to—

- lower the lower end of the rates of New Zealand superannuation and veteran's pension payable to married couples from not less than 65% to not less than 60% of the average wage:
- ensure that the amounts payable are not reduced under that section.



*Hon Roger Sowry*

**SOCIAL WELFARE (TRANSITIONAL PROVISIONS)  
AMENDMENT (NO. 2)**

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ANALYSIS

Title	
1. Short Title and commencement	2. Annual adjustment of rates of New Zealand superannuation and veterans' pensions

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A BILL INTITULED

**An Act to amend the Social Welfare (Transitional Provisions) Act 1990 to lower the lower end of the percentage band used in adjusting the rates of New Zealand superannuation and veteran's pensions**

BE IT ENACTED by the Parliament of New Zealand as follows:

**1. Short Title and commencement**—(1) This Act may be cited as the Social Welfare (Transitional Provisions) Amendment Act (No. 2) 1998, and is part of the Social Welfare (Transitional Provisions) Act 1990\* (“the principal Act”).

(2) This Act comes into force on the date on which it receives the Royal assent and applies in respect of the adjustments to the rates of New Zealand superannuation and veteran's pensions required under section 13A of the principal Act to be made on and after 1 April 1999.

**2. Annual adjustment of rates of New Zealand superannuation and veterans' pensions**—(1) Section 13A (3) (a) of the principal Act is amended by omitting the figure “65”, and substituting the figure “60”.

(2) Section 13A (3) of the principal Act is amended by omitting from paragraphs (a) to (d) the word “So” wherever it

\*R.S. Vol. 32, p. 883  
Amendments: 1996, No. 21; 1997, No. 65

*Social Welfare (Transitional Provisions)  
Amendment (No. 2)*

appears, and substituting in each case the words "Subject to **subsection (3A), so**".

(3) Section 13A of the principal Act is amended by inserting, after subsection (3), the following subsection:

"(3A) An adjustment under this section must not reduce the 5  
weekly amounts payable under this section."