

The Treasury

Strategic Issues and Shareholder Expectations Letters Information Release

Release Document

April 2015

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [3] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest
- [4] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [5] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [6] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [7] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



26 February 2015

Hon Todd McClay
Minister for State Owned Enterprises
Private Bag 18041
Parliament Buildings
WELLINGTON 6160

Quotable Value Limited
www.qv.co.nz

Dear Minister

Re. Quotable Value Limited – Strategic Issues

We refer to your letter of 19 December 2014 requesting Quotable Value Limited (QV) to set out the key strategic issues facing the company.

The strategic issues set out below reflect both issues previously outlined to shareholding Ministers and representatives and opportunities that the Board sees to further develop the QV business.

Each of the strategic issues should be considered in the context of four company-wide strategies which direct the way in which QV works to achieve its strategic objectives. These are:

1. A deeper understanding of customers
2. Leading industry change
3. Utilising technology to achieve process efficiency
4. Leveraging the group facilities, tools and capability to drive effectiveness.

Leveraging off Existing Technology

The QV Board sees opportunity in developing refined data sets (and tools) to generate multiple interactions with home owners across New Zealand. Having real-time data at the palm of home owners hands will support better decision making and generate a wider brand promise for QV in years to come.

Our core property database QIVS has reached its useful working life. Re-investment in QIVS (the Pandora project) over the coming 2-3 years is fundamental to creating a modern and more agile data environment and customer experience. The release of the QV Home Guide app is a first step in creating a new customer journey with QV.

Mass Appraisal, Australia

The QV mass appraisal business in Australia continues to be profitable and leverages the technology, business systems and skilled staff that have been nurtured in New Zealand.

Mass appraisal practices across Australia [2,5] vary from state to state. QV lead the NSW market and the Board views participation in this market as very important in seeking ways to lead industry change, particularly in conjunction with partners Core Logic Australia (and the wider Core Logic Asia group).

**Core Logic New Zealand**

[2]

[2]

Operating under [2]
both partners in the coming years.

will present new challenges and opportunities for

Darroch Limited

[2]

Whilst the business is currently trading as expected and returned to positive cash flows in recent years, [2]
[2]

Returns to the Shareholder

The QV Board has responded strongly to shareholder requests for reduced commercial risk and improved shareholder returns, particularly in the form of dividends. Key actions undertaken include:

- \$10.26m of total ordinary and special dividend payments in FY14 and YTD FY15
- A focus on core business rather than acquisitive strategies.

Non-Crown debt assurance

The Board confirms that providers of external finance to QV are aware that any borrowing made by the company does not represent Crown debt, and accordingly is not guaranteed by the Crown.

Strategic Review

The Board has provided separate commentary on the findings of the Strategic Review already. We will work with Officials to address any further requirements in this area.

Early notification of any material change in SCI forecast

Current forecasting indicates that FY15 NPAT targets as detailed in the 2015-17 Statement of Corporate Intent will be met.

2016-2018 SCI forecast

QV will meet the planned timeframes of 31 May 2015 (draft) and 30 June 2015 (final) as reporting dates. These will include reference to an independent financial valuation of the QV Group by a reputable third party.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Phil Lough', written over a horizontal line.

Phil Lough
Chair

Cc: David Stanley The Treasury, PO Box 3724, Wellington 6140