

## **Air New Zealand – Agenda 17 April 2002**

### **1. John Palmer – update on proposal**

### **2. Wider Government Consultation**

- Ministry of Transport – bilateral air services agreements
- Ministry of Economic Development – competition
- Ministry of Foreign Affairs and Trade – Australian and Singapore Government: Government relations.

### **3. Officials will advise on:**

- Value implications for the Crown as shareholder
- Value implications for other shareholders
- Competition implications
- National interest implications

### **4. Expectations from Air NZ:**

- Options analysis, with clearly documented assumptions underpinning analysis
- Counterfactual (ie what happens if the proposal cannot proceed?)
- Likely cost to shareholders if the airline is unsustainable
- Separate identification of costs and benefits to shareholders and to the nation
- Governance arrangements
- Risk mitigation strategies (eg exit strategies)

## Issues

- Timing – the Treasury will be looking for at least one month to consider business cases; time should be allowed in case further information is required.
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- Initial 10% placement – we think it likely that the Commerce Commission will take an interest in this with the risk that Qantas will be directed to sell its stake. We would want to understand exit strategies in place regarding the 10% stake if the ComCom does not approve the extra 15%. In particular, we will be looking at implications for the Government's shareholding if Qantas is left holding 10% (ie whether that would limit the search for a new strategic partner and therefore have value implications for the Crown's stake).
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## Going Forward

We would like to start engaging with Air NZ as soon as possible to discuss thinking behind the proposal and the options.

We will bring in consultants to work with us on this issue – we will advise you of our preferred candidate.

We would like to bring the Ministry of Transport into the picture to allow them to start thinking about bilateral air services agreement issues.