

Commercial: Sensitive

POL Min (01) 23/7

Additional Item : Air New Zealand

On 5 September 2001 the Cabinet Policy Committee, having been granted Power to Act by Cabinet on 3 September 2001 [CAB Min (01) 27/22 refers]:

- 1 noted the briefing from the Minister of Finance on the latest situation relating to the recapitalisation of Air New Zealand;
- 2 noted that Air New Zealand is to announce its financial results for the 2001 year by 13 September 2001, and that it is in the interests of the company and New Zealand that it be able to present a credible strategic plan to the market at that time;
- 3 noted that the final configuration of any regulatory package that may be needed to implement any such plan is highly dependent on its details, and that until such time as they are settled, Cabinet is unable to progress a decision on required regulatory consents;
- 4 noted that the form of any recapitalisation and restructuring package remains extremely fluid;
- 5 noted that it is likely that the Australian government will need to play some role in facilitating the development and implementation of a strategic plan;
- 6 noted that it is therefore appropriate for the Minister of Finance to talk to his Australian counterpart, and that an opportunity to do so will arise at the APEC Finance Ministers meeting on 8 and 9 September 2001;
- 7 agreed that no further decisions will be taken, or announcements made, until the options and the implications of them have been clarified;
- 8
 - 8.1 agreed to recommend that at its meeting on 10 September 2001, Cabinet give the Cabinet Policy Committee Power to Act on matters relating to the recapitalisation of Air New Zealand at its meeting on 12 September 2001;
 - 8.2 authorised the ad hoc group of Ministers established by Cabinet on 30 July 2001 (the Minister of Finance (lead), Prime Minister, Deputy Prime Minister, Minister of Tourism, Minister of Commerce and Minister of Transport) [CAB Min (01) 23/20] to have Power to Act on matters relating to the recapitalisation of Air New Zealand, if circumstances arise that require a more urgent decision.

Secretary

Reference: Paper on "Air New Zealand" tabled by the Minister of Finance