

The Treasury

Project Korimako - Release of advice

December 2022

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- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - 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 to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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Treasury Report: Letters to Kiwi Group Holdings shareholder Chairs

Date:	27 October 2021	Report No:	T2021/2702
		File Number:	SE-2-12-4-2-3

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	Sign the attached letters to the Chairs of Kiwi Group Holdings shareholders	27 October 2021

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
David Stanley	Principal Advisor, Commercial Performance	[39]	[35] ✓
Shelley Hollingsworth	Manager, Commercial Performance		

Minister's Office actions (if required)

<p>Send the signed letters to the Chairs of Kiwi Group Holdings shareholders</p> <p>Return the signed report and a copy of the sent letters to Treasury.</p>
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Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Letters to Kiwi Group Holdings shareholder Chairs

1. On your behalf, Treasury officials are engaging with management of the New Zealand Superannuation Fund (NZSF) regarding proposals by NZSF for it to become a majority shareholder in Kiwi Group Holdings (KGH).
2. New Zealand Post Limited (NZ Post) and the Accident Compensation Corporation (ACC), the other two shareholders in KGH, have indicated to you and/or to officials their preference to sell out of KGH if satisfactory terms can be agreed. These two shareholders are aware that the Crown has advanced its preferences for the long-term ownership arrangements for KGH and is engaging with NZSF on the matter.
3. The current arrangements between KGH shareholders and between the KGH shareholders and the Crown are largely encapsulated in the KGH Shareholders' Agreement and the Crown Deed (the Deed).
4. The Deed provides that no transfers of shares can occur other than in accordance with the Deed. For the first five years (the 'lock-up' period) shares could only be transferred between existing shareholders (or a wholly-owned subsidiary of the shareholder). Following the end of the lock-up period (ie after 31 October 2021) there is a wider scope for transfers to occur, but any transfers must still be in accordance with the Deed which clearly sets out arrangements.
5. The priority arrangements mean that any shareholder considering selling shares must first offer these to the non-selling shareholder/s. Only after non-selling shareholders have had the time and information (as laid out in the Deed) to consider and acquire any shares, are shares available to the next prioritised party, the Crown. Only after the Crown has had a chance to consider shares remaining and not acquired by non-selling KGH shareholders at a price equal to or above that offered to the Crown can shares be offered to other parties.
6. [36]
- 7.
8. Therefore, there are a number of steps any shareholder would need to go through to transfer shares. A transfer is not something that would be contemplated lightly and, in any case, the Crown is part of the process.
9. We consider it very unlikely that a KGH shareholder wanting to sell would give formal notice and commence the sale process when it knows that NZSF (the likely potential acquirer) and the Crown are currently in discussions about arrangements that would enable these processes to proceed effectively. However, with the lock-up period expiring at the end of this month, we consider it may be useful for you to reiterate the Government's position to the Chairs of each of the KGH shareholders.
10. The draft of a letter that you could send to shareholders is attached for your consideration.

Recommended Action

We recommend that you:

- a **agree** to send the attached letters to the Chairs of Kiwi Group Holdings' shareholders

Agree/disagree.

Shelley Hollingsworth
Manager, Commercial Performance

Hon Grant Robertson
Minister of Finance

Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



Mr Rodger Finlay
Chair
New Zealand Post Ltd
Wellington

Dear Rodger

Re: Kiwi Group Holdings shareholding arrangements

As you know, the Government is working through its preferences regarding the long-term ownership arrangements for Kiwi Group Holdings Limited (KGH).

I understand that New Zealand Post Limited (NZ Post) and the other KGH shareholders consider that the current arrangements are sub-optimal. Treasury officials have engaged with you to understand NZ Post's preferences regarding its ownership of KGH. Treasury officials have also been in discussions with the other KGH shareholders and they are to report to me in November on potential changes in KGH shareholdings and prospective pathways to accommodate this.

I recognise that all shareholders would like clarity on the Government's position. I expect to present a preferred way forward to Cabinet before the end of this calendar year and would then be able to update you in December.

Until then, I expect NZ Post to continue to exercise patience as we move towards achieving the arrangements for KGH that will best enable the continued development of its important operating businesses, whilst also providing a useful pathway for KGH shareholders to adjust ownership positions.

Yours sincerely

Hon Grant Robertson
Minister of Finance

Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



Ms Catherine Drayton
Chair of the Guardians Board
NZ Superannuation Fund
Auckland

Dear Catherine

Re: Kiwi Group Holdings shareholding arrangements

As you know, the Government is working through its preferences regarding the long-term ownership arrangements for Kiwi Group Holdings Limited (KGH).

I understand that the NZ Superannuation Fund (NZSF) and the other KGH shareholders consider that the current arrangements are sub-optimal. Treasury officials have been engaging with members of your investment team regarding NZSF's proposal to acquire a majority interest in KGH ^[33]

Treasury officials have also been in discussions with the other KGH shareholders to understand those organisations' ownership preferences regarding KGH. The Treasury is to report to me in November on potential changes in KGH shareholdings and prospective pathways to accommodate this.

I recognise that all shareholders would like clarity on the Government's position. I expect to present a preferred way forward to Cabinet before the end of this calendar year with this including consideration of an "in-principle" proposal or proposals from NZSF (these being subject to confirmation by the Guardians Board). I therefore expect to be able to update you in December.

Until then, I trust that NZSF will continue to exercise patience while also assisting Treasury officials as we move towards achieving the arrangements for KGH that will best enable the continued development of its important operating businesses, whilst also providing a useful pathway for KGH shareholders to adjust ownership positions.

Yours sincerely

Hon Grant Robertson
Minister of Finance

Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



Hon Steve Maharey
Chair
Accident Compensation Corporation
Wellington

Dear Steve

Re: Kiwi Group Holdings shareholding arrangements

As you know, the Government is working through its preferences regarding the long-term ownership arrangements for Kiwi Group Holdings Limited (KGH).

I understand that the Accident Compensation Corporation (ACC) and the other KGH shareholders consider that the current arrangements are sub-optimal. Treasury officials have been engaging with members of your investment team to understand your organisation's preferences regarding your ownership of KGH. Treasury officials have also been in discussions with the other KGH shareholders and they are to report to me in November on potential changes in KGH shareholdings and prospective pathways to accommodate this.

I recognise that all shareholders would like clarity on the Government's position. I expect to present a preferred way forward to Cabinet before the end of this calendar year and would then be able to update you in December.

Until then, I trust that the ACC will continue to exercise patience as we move towards achieving the arrangements for KGH that will best enable the continued development of its important operating businesses, whilst also providing a useful pathway for KGH shareholders to adjust ownership positions.

Yours sincerely

Hon Grant Robertson
Minister of Finance