

The Treasury

Project Korimako - Release of advice

December 2022

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Key to sections of the Act under which information has been withheld:

- [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
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- [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: Project Korimako letters to shareholders

Date:	15 December 2021	Report No:	T2021/3064
		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 NZSF, NZ Post and ACC	20 December 2021
Associate Minister of Finance (Hon David Parker)	Note	None

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact	
Lee Goodman	Senior Analyst, Commercial Performance	[39]	[35]	✓
Shelley Hollingsworth	Manager, Commercial Performance			

Minister's Office actions (if required)

Minister of Finance office: Return the signed report to Treasury. Once signed **send** the attached letters.

Note any
feedback on
the quality of
the report

Enclosure: Yes - Letter to NZSF Chair (Treasury:4598703v1)

Letter to NZ Post Chair (Treasury:4598699v1)

Letter to ACC Chair (Treasury:4598697v1)

Treasury Report: Project Korimako letters to shareholders

Purpose of Report

1. This report proposes that you send the attached letters to the shareholders of Kiwi Group Holdings Ltd (KGH) to inform them of the Government's intentions regarding the ownership of KGH.

Project Korimako Cabinet Decision

2. Over recent months we have been considering options to improve the current sub-optimal ownership arrangements for KGH. This has involved discussions with all shareholders and several workshops with the New Zealand Superannuation Fund (NZSF) to discuss its proposal to purchase a controlling KGH shareholding. This culminated in Cabinet's consideration of NZSF's proposal and the alternative of direct Crown majority ownership.
3. We understand that on 13 December 2021 Cabinet decided to:
 - **agree** that negotiations on NZSF's proposal should be allowed to proceed if NZSF agrees that the only investors that can become KGH shareholders in the future are those that ensure continuation of the Government's requirement that Kiwibank remains New Zealand-owned with at least a majority of the shares remaining (directly or indirectly) within the Crown
4. The Cabinet paper noted your intention to write to the KGH shareholders advising them of the Government's decision following Cabinet's consideration. This is the first step in commencing negotiations on possible changes to KGH shareholdings [33]

Shareholder Letters

5. Attached are letters for you to send to the Chairs of NZSF, New Zealand Post (NZ Post) and the Accident Compensation Corporation (ACC).
6. The NZSF letter is the most detailed as it references NZSF's proposal and specifically details the Government's requirements to be considered at the commencement of negotiations, with emphasis on the basis under which new investors could be introduced.
7. The ACC and NZ Post letters indicate that the Government is comfortable with shareholding changes within certain constraints but does not mention that NZSF has made a proposal. These letters note that negotiations will commence early in the new year and encourages their active participation.

Preparatory Work Underway

8. Procurement of advisors to the Treasury is well advanced. Minter Ellison Rudd Watts is on board as legal advisor. Sounding discussions have been held with potential commercial advisors and a Request for Proposal has been released to a short-list of potential commercial advisors. Procurement of a commercial advisor is expected to be completed by Christmas and detailed discussions with the KGH shareholders will begin in January 2022.

Recommended Action

We recommend that you **sign** and send the attached letters to the Chairs of NZSF, NZ Post and ACC.

Agree/disagree.
Minister of Finance

Shelley Hollingsworth
Manager, Commercial Performance

Hon Grant Robertson
Minister of Finance

Hon David Parker
Associate Minister of Finance