

The Treasury

Project Korimako - Release of advice

December 2022

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Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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
- [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

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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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 WEALTH

We write to you as the shareholding Ministers of New Zealand Post (NZ Post), which owns a 53% stake in Kiwi Group Holdings (KGH). We have been provided with a “no-surprises” notice from KGH informing us that it is exploring options to progress a potential sales process for Kiwi Wealth and has appointed a financial adviser to investigate these options.

Shareholding Ministers acknowledge that KGH shareholders are able to make decisions around the future of subsidiary entities such as Kiwi Wealth. We further note that Kiwi Wealth was not part of Kiwibank when the bank was launched by the Government in 2002. KGH acquired Gareth Morgan Investments (which became part of Kiwi Wealth) in 2012 as it broadened its financial services offerings.

We understand that KGH regularly reviews its operations and business strategy taking account of their competitive positioning and market prospects. While Kiwi Wealth is now one of six default KiwiSaver providers, it remains a relatively small player in the New Zealand KiwiSaver and commercial fund management markets. Recent industry trends including changing fee structures and increased regulatory oversight mean that to remain competitive, Kiwi Wealth will likely need to gain scale more rapidly than can be achieved through organic growth alone.

At the same time, we note that Kiwibank is undergoing a major transformation process to better position itself for effective commercial competition in the rapidly evolving banking sector. In coming years Kiwibank appears likely to need access to additional capital if it is to significantly increase its presence in the sector while also meeting the Reserve Bank of New Zealand’s rising capital adequacy requirements for registered banks.

[25]

It is on these bases, that we are writing to inform you that the shareholding Ministers of NZ Post are comfortable with the approach that KGH is taking with regard to considering a sale of Kiwi Wealth. [25], [33]

we expect that the proceeds from any potential Kiwi Wealth sale would be retained by KGH to be used for capital considerations.

Please keep me informed of developments.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson', written in a cursive style.

Hon Grant Robertson
Minister of Finance
On behalf of shareholding Ministers