

# 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
- [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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Reference: T2022/1301 SE-1-3-22-2

Date: 10 June 2022

To: Minister of Finance (Hon Grant Robertson)

CC: Associate Minister of Finance (Hon David Parker)

Deadline: None  
(if any)

## **Project Korimako – Target Timetable**

You have requested details of the timeline for completion of Project Korimako. The Appendix provides indicative timelines for the key workstreams.

The target timetable is tightly focused on an eight-week process, with the finalisation of due diligence reports, negotiations, and the signing of the Sale and Purchase Agreement (SPA) with two (and possibly three) parties by 2 August 2022.

In advancing this timetable, we are conscious of the following key dependencies and risks.

### **Key Timetable Dependencies**

[25], [38]

#### *Due Diligence Timeframe*

The target timetable is predicated on access to due diligence information from Kiwibank commencing in earnest in the week of 13 June 2022 and quality information being made available in a timely manner. We note that the commencement of due diligence has been delayed as Kiwi Group Holdings (KGH) and its operating subsidiaries worked through their internal processes. Recent conversations with KGH and subsidiary executives indicate that access to due diligence will commence next week. Any further slippage in timing will have consequential delays to the transaction timetable shifting out the target date for signing the SPA (currently 2 August 2022).

#### *Completing Director Appointments*

The Crown completing director appointments is also key to achieving the timeline in terms of settlement and share transfer via the Crown vehicle on 3 October 2022 and

the efficient post-settlement governance of the group.<sup>1</sup> An additional dependency relates to the extent to which new appointments need to be made to KGH and Kiwibank. While it is usual for the nominees of exiting shareholders to step down, some independent directors of Kiwibank may also consider their options. We are conscious of RBNZ minimum director requirements and that any delays in getting approved Kiwibank Directors would likely delay settlement.

This is an area where we will be working particularly closely with KGH and its shareholders over the coming weeks to ensure a smooth transition. We are working with KGH on options for the transition period.

#### *Lead Times for Crown and Regulatory Approval Processes*

This includes the Cabinet approval process for securing the appropriation and delegated authority for Ministerial acquisition (scheduled for Cabinet on 4 July); and for the board director approval process (scheduled for Cabinet on 15 August).

Based on external advice, we have indicatively allowed two months for regulatory approvals in any scenario, recognising that this process cannot be substantively progressed until the signing of the SPA.

### **Key Risks**

#### *Further Due Diligence Delays*

At this stage we accept assurance from KGH and subsidiary executives that access to due diligence will commence in earnest in the week of 13 June 2022, but recognise this as a key risk given the delays experienced to date. Kiwibank is a regulated entity and we appropriately expect the quantity and quality of available information to reflect this. We are however conscious that Kiwibank is in the middle of a significant multi-year transformation programme. Given the limited number of people with knowledge of Project Korimako within Kiwibank, any delays in understanding significant issues that may emerge in due diligence, and their timely resolution in the parallel bilateral negotiation processes, may impact timelines.

[38]

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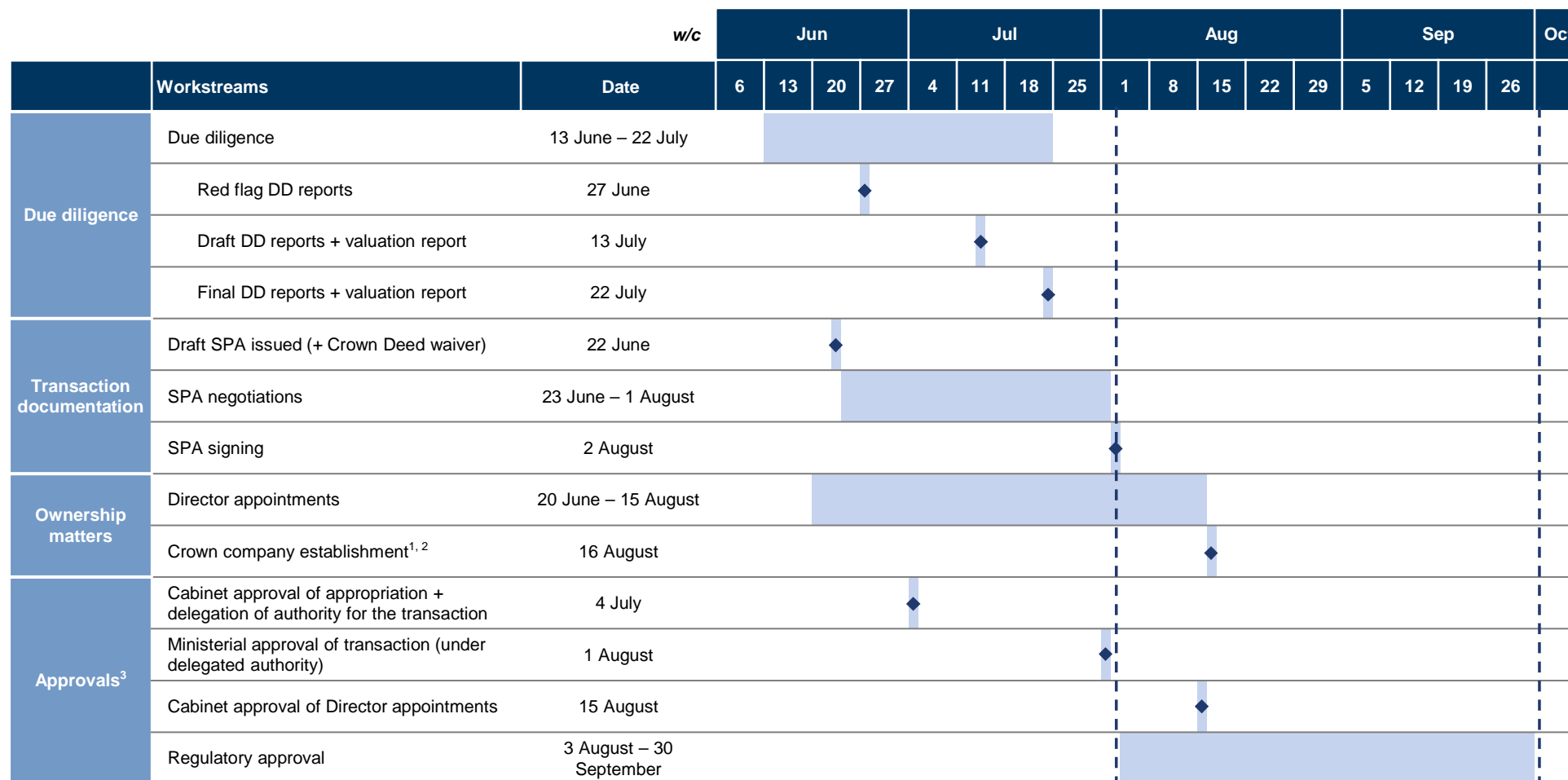
<sup>1</sup> A contingency plan allows for Ministers to initially hold shares on settlement in a bridging arrangement and to subsequently transfer them to the Crown vehicle. However, Crown vehicle director appointments need to be prioritised in any event to prepare for efficient post-settlement governance of the group.

[38]

We will continue to update you on the progress of negotiations and will advise of any further steps that are to be taken to manage negotiation and timetable risk.

Simon Hay, Principal Advisor, Commercial & Institutional Performance, [39]  
Shelley Hollingsworth, Manager, Commercial & Institutional Performance, [39]

# Project Korimako – Target timetable



**Signing /  
announcement<sup>4</sup>**  
(2 Aug)

**Settlement / share  
transfer from selling  
KGH shareholders**  
(3 Oct)

- Notes:**
1. At the point the Crown company is established, the Crown will have received Cabinet approval to appoint the directors to the board of the new Crown company
  2. If there is an interim Ministerial holding of KGH shares, these will subsequently be transferred to the new Crown company
  3. A number of external approvals will also be required that are outside of the Crown's control and could impact signing / share transfer timing
  4. Kiwibank may determine NZX disclosure rules are triggered in preceding weeks