

# The Treasury

## Project Korimako - Release of advice

### December 2022

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#### Cabinet Document Details

Title: **Cabinet Minute: DEV-22-MIN-0051: Update on Kiwi Group Holdings (Kiwibank)**

Date: **30 March 2022**

Creator: Cabinet Office

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

- [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
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [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

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# Cabinet Economic Development Committee

## Minute of Decision

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### Update on Kiwi Group Holdings (Kiwibank)

**Portfolio**                      **Finance**

On 30 March 2022, the Cabinet Economic Development Committee:

- 1        **noted** that Kiwi Group Holdings (KGH) is a holding company which wholly owns Kiwibank Limited (Kiwibank) and other adjacent subsidiaries, including Kiwi Wealth Limited and Kiwi Home Loan Company Limited;
  - 2        **noted** that KGH is currently owned by New Zealand Post Limited (NZ Post, 53 percent), New Zealand Superannuation Fund (NZSF, 25 percent), and the Accident Compensation Corporation (ACC, 22 percent);
  - 3        **noted** that the current shareholding arrangements are adding constraints to the performance of KGH and Kiwibank, [25] and [37]
  - 4        **noted** that in December 2021, NZ Post and ACC indicated a desire to sell their KGH shares while NZSF had offered to purchase NZ Post's KGH shares;
  - 5        **noted** that on 13 December 2021, Cabinet:
    - 5.1        [25], [37]
    - 5.2        agreed that if NZSF is unable to agree to the government's requirement:
      - 5.2.1        the Crown will proceed by pursuing direct majority Crown ownership, by purchasing shares in KGH, [33], [37], [38]
      - 5.2.2        [33], [37]
- [CAB- 21-MIN-0528]
- 6        **noted** that NZSF has now formally notified the government that it is no longer interested in purchasing NZ Post's KGH shares;

- 7 **noted** that it is now necessary to move to the government's alternative option of pursuing direct majority Crown ownership, by purchasing shares in KGH, [33], [37], [38] consistent with the decision referred to in paragraph 5 above;
- 8 **noted** that the Minister of Finance intends that the Crown seek to reach agreements with KGH shareholders by 30 June 2022 [33], [37], [38]
- 9 **noted** that to maintain momentum with the process to resolve KGH's ownership arrangements, funding certainty needs to be provided now for funding for specialist commercial and legal advisors;
- 10 **noted** that specialist commercial and legal advisors will be required to support the Crown's involvement in the negotiations, including:
- 10.1 supporting Treasury in negotiations on behalf of the Crown in determining alternative acquisition strategies and recommending a preferred strategy to the government;
- 10.2 supporting the actual negotiations [33], [37], [38]
- 10.3 due diligence and independent testing of the pricing that is proposed for any share transactions that might be undertaken by the Crown [33], [37], [38]  
[33], [37], [38]
- 10.4 [33], [37], [38]
- 10.5 any necessary amendments to the Crown Deed and KGH shareholders agreement;

### Financial implications

- 11 **approved** the following changes to the appropriation to provide for the KGH ownership negotiations, with a corresponding impact on the operating balance and net core Crown debt:

| Vote Finance<br>Minister of Finance   | \$m – increase/(decrease) |         |         |         |                       |
|---|---------------------------|---------|---------|---------|-----------------------|
|   | 2021/22                   | 2022/23 | 2023/24 | 2024/25 | 2025/26<br>& Outyears |
| Multi-Year Multi-Category<br>Appropriation<br>Expenses and Capital<br>Expenditure:<br>Policy Advice and<br>Financial Services MCA<br>Departmental Output Expense:<br>Policy Advice<br>(funded by revenue Crown) | 4.000                     | -       | -       | -       | -                     |

- 12 **agreed** that the change to the appropriation for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 13 **agreed** that the expenses incurred under paragraph 11 above be charged as a pre-commitment against the Budget 2022 operating allowance;

- 14 **authorised** the Minister of Finance and the Associate Minister of Finance (Hon David Parker) to negotiate the purchase of KGH shares as required to meet the government's policy objectives, subject to Cabinet agreement to the relevant capital appropriations following the Budget 2022 moratorium.

Janine Harvey  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
Hon Dr Megan Woods  
Hon David Parker  
Hon Poto Williams  
Hon Damien O'Connor  
Hon Stuart Nash  
Hon Michael Wood  
Hon Dr David Clark  
Hon Dr Ayesha Verrall  
Hon Meka Whaitiri  
Hon Phil Twyford  
Rino Tirikatene, MP

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV