

# The Treasury

## Project Korimako - Release of advice

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#### Cabinet Document Details

Title: **Cabinet Paper: DEV-22-SUB-0146: Kiwi Group Holdings Limited (Kiwibank) - Update on Negotiations**

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[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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Minister of Finance

Chair  
Cabinet Economic Development Committee

## **KIWI GROUP HOLDINGS LIMITED (KIWIBANK) – UPDATE ON NEGOTIATIONS**

### **Purpose**

1. This paper updates Cabinet on the Crown's purchase of shares in Kiwi Group Holdings Limited (KGH) and seeks an appropriation to fund KGH share purchases. Approval is also sought for the establishment of a Public Finance Act 1989 (PFA) Schedule 4A company to hold the Crown's KGH shares. [33], [37], [38]

### **Executive Summary**

2. KGH is a holding company which wholly owns Kiwibank Limited (Kiwibank) and other adjacent subsidiaries. KGH is currently owned by New Zealand Post Limited (NZ Post, 53%), New Zealand Superannuation Fund (NZSF, 25%), and Accident Compensation Corporation (ACC, 22%). The current shareholding arrangements are adding constraints to the performance of KGH and Kiwibank as the shareholders are unlikely to collectively agree to provide the group with additional capital to support greater business growth.
3. Cabinet previously agreed to the Minister of Finance and Associate Minister of Finance (Hon David Parker) negotiating to purchase 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. [CAB-22-MIN-0105].
4. [38]
5. Negotiations are still in progress. While there is still uncertainty regarding the proportion of KGH that the Government will purchase, I consider it appropriate to now seek an appropriation to fund the possible purchase of KGH shares as we are approaching the point in the negotiations where the Crown may make an offer to purchase shares. An appropriation for share purchases [25], [37], [38] is recommended. This amount is sufficient to fund the purchase of 100% of KGH. If a lower level of ownership is achieved the cost would be lower. NZ Post will return the majority of the sales proceeds it receives as a special dividend. While the size of the special dividend is yet to be determined, on current estimates it could reduce the potential capital impact [25], [37], [38]
6. My intention is to reach agreement on share purchases with KGH shareholders as soon as practicable. Final documentation and settlement of the transactions are intended to occur by the end of September 2022. It is likely Ministers will enter into the sale and purchase agreement and the new company to be established, as discussed below, will purchase the

shares on settlement, depending on the time needed to establish the new company. This arrangement is reflected in the funding appropriation below where the Crown subscribes for shares in the new company as the means of funding the purchase of KGH shares. If, however, the new company cannot be incorporated within a reasonable timeframe, perhaps due to the time required to identify suitable directors, Ministers would purchase the shares directly and transfer the shares to the new company following its incorporation. In this unlikely scenario, the transaction would be designed so as to have minimal impacts with Ministers holding the shares as a bridging arrangement until the new company is incorporated. Delegated authority to amend appropriations to reflect these potential alternative arrangements is sought.

7. I have considered the available structuring options for holding the Crown's investment in KGH and consider that the best structure is through a new Public Finance Act 1989 (PFA) Schedule 4A company to be established for this purpose (the Company). The proposed name for the Company is Kiwi Group Capital Limited.
8. It is my intention that the purpose of the Company as a holding company will be to oversee the investment in KGH and its subsidiaries and, indirectly through KGH and its subsidiaries, to carry on and develop the specified financial services business. Except to the extent shareholders agree otherwise, all financial returns of the Company are expected to be distributed to shareholders. I consider that sections 161 to 165 of the Crown Entities Act 2004 (CEA) should apply to the Company, given its role as a holding company. These sections place restrictions on the Company's ability to acquire financial products, borrow, give guarantees and indemnities, and use derivatives. In addition, the Minister of Finance will have the ability to require the Company to pay its net surplus to the Crown. Exemptions under section 160(1)(b) of the CEA will be provided to ensure that KGH and its subsidiaries do not face any restrictions in respect of sections 161 to 164 of the CEA.
9. I propose that the shareholding Ministers of the Company be the Minister of Finance (as required by the CEA) and the Minister for State Owned Enterprises. This paper seeks authority for the shareholding Ministers to take the decisions and actions necessary to incorporate the Company and facilitate its establishment. I propose that the Treasury be the monitoring department in relation to the Company. An increase in appropriation for the Treasury of \$600,000 in 2022/23 and \$350,000 for 2023/24 and beyond is sought to fund the increased and specialised monitoring activity required. Specialist external advice will be required in the first year to establish the monitoring and policy frameworks underpinning the new role. The process of identifying suitable inaugural directors for the Company is underway, with an initial focus on an establishment chair and one director.
10. The Company's direct operational expenses should be limited but it will have expenses such as Board fees and costs associated with legal matters, accounting, and financial reporting. I propose that shareholding Ministers provide the Company with an initial level of working capital as part of their delegated authority to oversee the establishment of the Company. This funding can be incorporated within the appropriation to fund KGH share purchases as the appropriation relates to the capitalisation of the new Company. My current thinking is that initial working capital of [33] would be sufficient. This amount has been calculated by estimating the likely operating expenses of the Company, including the need for any one-off establishment costs in the first year, and the timing of any income to the Company from its investment in KGH.

## **Background**

### *Nature of Current Shareholding Arrangements*

11. KGH is a holding company which wholly owns Kiwibank and New Zealand Home Loan Company Limited. Since 2016 KGH has been owned by NZ Post (53%), NZSF (25%), and ACC (22%). In my previous submission to Cabinet on KGH ownership, I indicated that the current shareholding arrangements are not a viable longer-term option [CAB-21-MIN-0528 refers].

12. The Government's goals for KGH, and primarily its main subsidiary Kiwibank, are significant. I consider it important that Kiwibank achieves an increase in its scale, efficiency, and cost competitiveness so that it can become a genuine competitor in the banking industry capable of increased lending to the retail and SME markets and improved accessibility for its customers. This goal for Kiwibank is to be a disruptor bank, indicating that we would like Kiwibank to compete strongly to achieve better results for New Zealand consumers in a sector currently dominated by foreign-owned banks which are not significantly differentiated from each other. [25], [37]

#### *Previous Cabinet Consideration*

13. Initially NZSF indicated an interest in increasing its stake in KGH by negotiating to purchase NZ Post's shares. Cabinet agreed that negotiations on NZSF's proposal could proceed if NZSF could ensure that Kiwibank would remain New Zealand owned with at least a majority of the shares remaining (directly or indirectly) within the Crown. In addition, Cabinet agreed that if NZSF cannot meet this requirement, the Crown would pursue direct majority Crown ownership as a step towards putting in place long-term ownership [CAB-21-MIN-0528 refers].
14. NZSF wanted the option of bringing in a strategic investor, most likely overseas based, so an agreement could not be reached that complied with Cabinet's requirement. NZSF subsequently informed the Government that it had decided not to pursue majority ownership in KGH. Accordingly, Cabinet decided that the Government would pursue direct majority Crown ownership. Specifically, Cabinet chose to:  

*agree to the Minister of Finance and Associate Minister of Finance (Hon David Parker) negotiating to purchase 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. [CAB-22-MIN-0105]*

#### **Negotiations to Purchase KGH Shares**

15. [38]
16. A due diligence process has been progressed. Although the proposed share transactions are within the broader Crown estate, there is still value in the Crown understanding any risks it is taking on through more direct ownership. [33], [37], [38]
17. Negotiations are still in progress. While there is still uncertainty regarding the proportion of KGH that the Crown will purchase, I consider it appropriate to now seek an appropriation to fund the possible purchase of KGH shares as we are approaching the point in the negotiations where the Crown may make an offer to purchase shares. An appropriation for share purchases [25], [37], [38] is recommended. This amount is sufficient to fund the purchase of 100% of KGH. If a lower level of ownership is achieved the cost would be lower. NZ Post will return the majority of the sales proceeds it receives as a special dividend. While the size of the special dividend is yet to be determined, on current estimates it could reduce the potential capital impact [25], [37], [38]
18. My intention is to reach agreement on share purchases with KGH shareholders as soon as practicable. Final documentation and settlement of the transactions is intended to occur by the end of September 2022. It is likely Ministers will enter into the sale and purchase agreement and the Company to be established, as discussed below, will purchase the shares on settlement, depending on the time needed to establish the Company. This arrangement is reflected in the funding appropriation below where the Crown subscribes for

shares in the Company as the means of funding the purchase of KGH shares. If, however, the Company cannot be incorporated within a reasonable timeframe, perhaps due to the time required to identify suitable directors, Ministers would purchase the shares directly and transfer the shares to the Company following its incorporation. In this unlikely scenario, the transaction would be designed so as to have minimal impacts with Ministers holding the shares as a bridging arrangement until the Company is incorporated. Delegated authority to amend appropriations to reflect these potential alternative arrangements is sought.

### **Establishing a Public Finance Act 1989 Schedule 4A Company**

19. Cabinet has agreed to pursuing “direct” Crown ownership of KGH, referring to KGH shares being owned either directly by the Crown, or by a company wholly owned by the Crown. I have considered the available structuring options and consider that the best structure is for the Crown to hold its ownership interest in KGH through a new Public Finance Act 1989 (PFA) Schedule 4A company to be established for this purpose (the Company). The proposed name for the Company is Kiwi Group Capital Limited.
20. A new PFA Schedule 4A company is a superior option to either direct holding by Ministers, using an existing Crown company, or creating a new Crown entity company under the Crown Entities Act 2004 (CEA).
  - 20.1. Using a company, as opposed to Ministers directly holding shares, ensures that the investment in KGH will be subject to appropriate reporting and accountability obligations, including the Letter of Expectations and Statement of Intent processes. In addition, direct holding by Ministers would be problematic [33], [37], [38]
  - 20.2. Using a company will mean that, while Ministers can directly appoint the new company’s board, they cannot directly appoint KGH and Kiwibank board members. This structure balances the dual aims of Government influence and commercial performance. Appointing the new company’s board will allow the Government to ensure KGH/Kiwibank appointment decisions are made by the best people, while at the same time ensuring that KGH/Kiwibank board appointments are not seen to be subject to political interference.
  - 20.3. Using a new entity, as opposed to an existing Crown company, reduces risks as establishing a new entity insulates it from any potential claims against the existing entity. Further, existing Crown entities or PFA Schedule 4A companies would not have board members with the necessary skills as they would have been selected for a different purpose.
  - 20.4. A PFA Schedule 4A company structure is more appropriate than a Crown entity company structure, as it allows more flexibility for future ownership arrangements. In addition, while subsidiaries of Crown entities are themselves Crown entities, subsidiaries of PFA Schedule 4A companies are not themselves PFA Schedule 4A companies, which limits the impact of the transaction upon Kiwibank and other operating companies.
21. It is my intention that the purpose of the Company as a holding company will be to oversee the investment in KGH and its subsidiaries and, indirectly through KGH and its subsidiaries, to carry on and develop the specified financial services business. The Company will have the objective of being a successful business and, except to the extent shareholders agree otherwise, all financial returns of the Company are expected to be distributed to shareholders to the maximum extent permitted by law. This will be reflected in the Company’s constitution. The usual PFA Schedule 4A company governance documentation (constitution, Letter of Expectations, Statement of Intent and Statement of Performance Expectations) will all be finalised in consultation with shareholding Ministers.
22. When adding a company to PFA Schedule 4A, it needs to be determined which of the following CEA restrictions on financial activities apply:

- 22.1. section 161: Restrictions on acquisition of financial products
  - 22.2. section 162: Restrictions on borrowing
  - 22.3. section 163: Restrictions on giving of guarantees and indemnities
  - 22.4. section 164: Restrictions on use of derivatives, and
  - 22.5. section 165: Enabling the Minister of Finance to require a company to pay its net surplus to the Crown.
23. I consider that sections 161 to 165 of the CEA should apply to the Company, given its role as a holding company. However, the restrictions should not apply to any of the Company's subsidiaries. To ensure that the restrictions on the Company are not taken to affect its subsidiaries, shareholding Ministers plan to issue a blanket approval under section 160(1)(b) of the CEA. The approval would be in favour of KGH and any of its subsidiaries (current and future) in respect of sections 161 to 164 of the CEA.

#### *Shareholding Ministers*

24. The CEA (as applied by the PFA) requires that PFA Schedule 4A companies have at least two shareholding Ministers, who must hold an equal number of shares. One of the shareholding Ministers must be the Minister of Finance. I propose that the other shareholding Minister be the Minister for State Owned Enterprises. This would be consistent with other similar PFA Schedule 4A companies, specifically Crown Asset Management Limited and Crown Infrastructure Partners Limited.
25. From the formation of the Company, through until the transaction process is complete, I and the Minister for State Owned Enterprises will both have a potential conflict of interest, being shareholders of both NZ Post on the sell side of the transaction, and of the Company on the buy side. These potential conflicts are being managed by transferring my shareholder responsibilities in respect of NZ Post that relate to approving a major transaction to complete the KGH share sale to Hon Dr David Clark until the transaction is complete and transferring the Minister for State Owned Enterprises' shareholder responsibilities for the Company to Hon David Parker for the same period.
26. This paper seeks authority for the shareholding Ministers to take the decisions and actions necessary to incorporate the Company and facilitate its establishment.

#### *Treasury to be the Monitoring Department*

27. The CEA (as applied by the PFA) provides for a monitor to be appointed to assist shareholding Ministers to carry out their role. I propose that the Treasury be the monitoring department in relation to the Company and for the Treasury to report jointly to the shareholding Ministers.
28. On completion of the proposed KGH share purchases, the Crown will hold at least a majority and potentially 100% of KGH – a company which, in turn, will own New Zealand's fifth largest registered bank. Ministers will then have the ownership responsibilities and levers that come with ownership.
29. To support Ministers in undertaking this new role, the Treasury will be expected to undertake performance monitoring activity and provide timely and effective performance and ownership advice to Ministers including how they can most effectively use their ownership levers. This work will be done within the context of an entity subject to a significant financial regulatory framework through the RBNZ and a continuous disclosure regime administered by the NZX. This will be the first time that the Crown has owned a regulated retail bank in more than two decades and there will be aspects of the monitoring role that will be unique to this entity compared to other entities in the Government's commercial portfolio.
30. [33], [37], [38]

[33], [37], [38]

Appropriate

relationship management expertise will need to be retained by the Treasury.

31. To fund these monitoring requirements an increase for the Crown Company Monitoring multi category appropriation of \$600,000 in 2022/23 and \$350,000 for 2023/24 and beyond is sought to fund the increased and specialised monitoring activity required. Specialist external advice will be required in the first year to establish the monitoring and policy frameworks underpinning the new role.

### *Board Appointments*

32. To incorporate any company, at least one director is required. For Crown-owned companies, at least two is usual. The process of identifying suitable inaugural directors for the Company is underway, with an initial focus on an establishment chair and one director. Given the commercial sensitivities, this initial process is being carried out through a closed confidential process. Those two directors would serve as the Company board for the purpose of its incorporation and for completing the KGH share purchase transaction.
33. They would later (after the announcement of the transaction) be joined by further directors following a wider director selection and appointment process, including a public call for nominations and advertising, to ensure transparency and to allow for the widest pool of applicants.

[33], [37], [38]

34. [33], [37], [38]

35.

36.

### **Financial Implications**

37. The potential size of KGH share purchases could be as much as [25], [37], [38] This value is based on purchase of 100% of KGH and on a “reasonable” price derived on an arms-length basis to enable NZ Post and ACC to agree to transact on a willing buyer-willing seller basis within their relevant governance processes. This figure is also broadly consistent with the results of benchmarking KGH, and primarily Kiwibank, against comparative information and trading values of publicly traded Australasian banks. The purchase price will be finalised following completion of the confirmatory due diligence process that is underway.
38. This paper seeks a capital appropriation in Vote: Finance to fund this KGH share purchase. The Crown directly purchasing 100% of KGH has negative impacts on gross sovereign and net debt but a special dividend from NZ Post reflecting the majority of the sales proceeds from its KGH shares would partially offset this cost. While the final price for 100% of KGH shares is subject to negotiation and the size of the NZ Post special dividend is yet to be determined, for illustrative purposes, the likely impact would be approximately as follows. For

The net impact of the transaction, that is the purchase price less the NZ Post special dividend, will be a charge against the multi-year capital allowance.

39. Any future funding for growth capital for Kiwibank would require Cabinet consideration and additional appropriations, following the assessment of the necessary business cases. The extent and timing of capital to be sought will depend on the pace of commercially justifiable growth opportunities and the extent to which the Crown and any other KGH shareholders seek to support them.
40. As the Company will primarily act in a holding capacity, its direct operational expenses should be limited. It will, however, have expenses such as Board fees and costs associated with legal matters, accounting and financial reporting. I propose that shareholding Ministers provide the Company with an initial level of working capital as part of their delegated authority to oversee the establishment of the Company. This funding can be incorporated within the appropriation to fund KGH share purchases as the appropriation relates to the capitalisation of the new Company. [33]

Longer term funding would be agreed with the directors of the Company in due course alongside the development of its Statement of Intent. A likely outcome may be that the Company's ongoing costs would be met via retaining some agreed portion of dividends it receives from KGH's ordinary and preference shares.
41. In addition, an increase for the Crown Company Monitoring multi category appropriation of \$600,000 in 2022/23 and \$350,000 for 2023/24 and beyond is sought to fund the increased and specialised monitoring activity required, with an associated negative impact on the operating balance, gross sovereign debt and net debt.

### **Government Fiscal Indicators**

42. The Crown taking a majority shareholding in KGH may lead to Kiwibank becoming a Crown Entity for reporting purposes in the Financial Statements of Government and Fiscal Forecasts, due to this entity now being controlled by Kiwi Group Capital Limited. The work to confirm this is still being undertaken. However, Kiwibank will continue to operate on a commercial basis.
43. The Government's net debt indicator includes the borrowings of Crown Entities on the basis that the Government usually has a high degree of control over the level of this borrowing.
44. Kiwibank has a significant amount of borrowings, which are broadly matched by a corresponding level of financial assets. Including these borrowings without taking into consideration their financial assets would significantly distort net debt as a tool for measuring the fiscal sustainability of the Government's finances. Therefore, the definition of net debt will be adjusted to avoid this distortion by excluding Kiwibank borrowings, if Kiwibank is considered a Crown Entity for Government financial reporting purposes.

### **Legislative Implications**

45. An Order in Council is required to add the Company to PFA Schedule 4A. Shareholding Ministers propose to issue drafting instructions to the Parliamentary Counsel Office for such an Order in Council.

### **Human Rights, Gender implications, Disability Perspective**

46. None.

## Publicity

47. No publicity is proposed given the commercial sensitivity of any transaction in KGH shares until an agreement is reached. There has, however, already been media speculation regarding KGH ownership as it is public knowledge that the Government is considering options for the long-term ownership of KGH. I will respond to media commentary as required by reiterating that the Government's policy is for KGH to remain Crown owned.

## Proactive Release

48. I do not intend to release this Cabinet paper proactively in whole or in part, until any negotiations regarding changes in KGH shareholding arrangements and other commercially sensitive matters are agreed. To release information about these matters before agreements are reached has the potential to distract and unsettle the board and management of KGH's operating subsidiaries (especially Kiwibank during the early part of its transformation period) and could undermine both the course of negotiations [33], [37], [38]

## Consultation

49. The Department of the Prime Minister and Cabinet has been informed. The Public Service Commission was consulted on the choice of a PFA Schedule 4A company for the entity form.

## Recommendations

I propose that Cabinet:

1. **note** that on 4 April 2022 Cabinet:  
*agreed to the Minister of Finance and Associate Minister of Finance (Hon David Parker) negotiating to purchase 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. [CAB-21-MIN-0105]*
2. **note** that negotiations are still in progress and the outcome is still uncertain but sufficient progress has been made that it is now appropriate to seek an appropriation to fund KGH share purchases;
3. **agree** that a limited liability company (the Company) be established as a 100% Crown owned company to be listed in Schedule 4A of the Public Finance Act 1989 to hold any KGH shares purchased by the Crown;
4. **note** that the name of the Company will be Kiwi Group Capital Limited;
5. **agree** that sections 161 to 165 of the Crown Entities Act 2004 will apply to the Company, and that this will be recorded in its listing in Schedule 4A of the Public Finance Act 1989;
6. **agree** that the Minister of Finance, as required by the Crown Entities Act 2004, and the Minister for State Owned Enterprises be shareholding Ministers of the Company;
7. **authorise** the shareholding Ministers to take all decisions and actions necessary to incorporate the Company and facilitate its establishment, including agreeing an initial level of working capital to be provided;
8. **agree** to the shareholding Ministers issuing drafting instructions to the Parliamentary Counsel Office for an Order in Council to list the Company in Schedule 4A of the Public Finance Act 1989;
9. **agree** that the Treasury be the monitoring department in relation to the Company, and for the Treasury to report jointly to the shareholding Ministers;
10. **approve** the following changes to appropriations to provide for the policy decision in recommendation 9 above, with a corresponding impact on the operating balance and net debt:

Vote Finance Minister for State Owned Enterprises	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Multi-Category Expenses and Capital Expenditure: Crown Company Monitoring Advice MCA Departmental Output Expenses: Crown Company Monitoring Advice to the Minister for State Owned Enterprises and Other Responsible Ministers (funded by revenue Crown)	0.600	0.350	0.350	0.350	0.350
<b>Total Operating</b>	<b>0.600</b>	<b>0.350</b>	<b>0.350</b>	<b>0.350</b>	<b>0.350</b>

11. **agree** that the proposed change to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
12. **agree** that the expenses incurred under recommendation 10 above be charged against the between-Budget contingency established as part of Budget 2022;
13. **agree** that any unspent portion of the \$8 million previously appropriated for specialist commercial and legal advice associated with Kiwi Group Holdings ownership negotiations will be returned to the centre rather than retained for other departmental purposes, as an offset to the expenses incurred under recommendation 10 above;
14. **agree** to fund the Subscription for Shares in Kiwi Group Capital Limited as described in recommendation 3 above;
15. **agree** to establish the following new annual appropriation:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Finance	Minister of Finance	Treasury	Subscription for Shares in Kiwi Group Capital Limited	Non- departmental Capital Expenditure	This appropriation is limited to the subscription for new shares in Kiwi Group Capital Limited.

16. **approve** the following change to appropriations to give effect to the policy decisions agreed in recommendation 3 and noted in recommendation 1 above, with a corresponding impact on net debt:

Vote Finance Minister of Finance	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Capital Expenditure: Subscription for Shares in Kiwi Group Capital Limited	[25], [37], [38]	-	-	-	-

17. **note** that the net debt impact from the Crown's share subscription in Kiwi Group Capital Limited to allow that company to purchase direct majority control of KGH will be reduced by a special dividend from NZ Post reflecting the majority of funds NZ Post receives for its KGH shares;
18. **agree** that the net impact of the purchase of shares in KGH estimated as [25], [37], [38] being the cost of purchasing shares less the special dividend received from NZ Post, will count against the Multi-year Capital Allowance;
19. **agree** that the proposed change to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
20. **note** that the Crown pursuing a majority shareholding in KGH may lead to Kiwibank becoming a Crown Entity for Government reporting purposes;
21. **note** that net debt includes the borrowings of Crown Entities, and Kiwibank has a significant borrowings portfolio which is broadly matched by a corresponding level of financial assets;
22. **agree** that the borrowings undertaken by Kiwibank will be excluded from the calculation of the Government's headline net debt measure, if Kiwibank is considered a Crown Entity for Government financial reporting purposes;
23. **note** that, if there is a lengthy delay in the incorporation of the Company, it may be necessary for Ministers to purchase KGH shares directly and then transfer them to the Company following its incorporation;
24. **delegate** authority to the Minister of Finance and the Associate Minister of Finance (Hon David Parker) to take any necessary actions, including establishing new appropriations as required, to complete the purchase of KGH shares in the event that incorporation of the Company is delayed.

Authorised for lodgement

Hon Grant Robertson  
Minister of Finance