

Hon Grant Robertson

MP for Wellington Central
Deputy Prime Minister
Minister of Finance
Minister for Infrastructure
Minister for Sport and Recreation
Minister for Racing



2 May 2022

M Dorn
fyi-request-19015-36c15bc8@requests.fyi.org.nz

Dear M Dorn

Thank you for your Official Information Act request, received on 30 March 2022. You requested:

the total dollar figure given to Air NZ that may cover share purchase (including the upcoming 600m announced today), wage subsidy and any other covid related payments (support payments etc) in the past 3 years

Please note that the information you are requesting is publicly available, including in Air NZ's investor presentation for its rights issue, which can be found here:

<http://nzx-prod-s7fsd7f98s.s3-website-ap-southeast-2.amazonaws.com/attachments/AIR/389769/367765.pdf>

Source of funding to Air NZ	Amount (\$m)	Comment
MIAC cargo scheme	620	
Wage subsidy	170	
Aviation relief package	85	
COVID-19 tax related relief	65	
Crown loan facility	850	This is repayable by Air NZ
Redeemable shares facility	600	This is repayable by Air NZ
Crown contribution to equity raise	602	

I have not provided a total, as some of the funding provided to Air NZ is repayable by the company.

Below is some context for each of these items.

Maintaining International Air Connectivity (MIAC)

The MIAC scheme, and its predecessor scheme, the International Airfreight Capacity Scheme, are intended to retain air connectivity with New Zealand's principal trading partners, enable continued essential passenger movements, retain important air connections to the Pacific, retain air connections to key routes and hubs important for tourism recovery, and maintain core capability, capacity and competitiveness within the New Zealand aviation sector to provide a platform for an efficient and competitive market when international air travel recovers. This scheme ensures a predictable and regular schedule of air services to safeguard New Zealand's international connectivity.

Further information about the MIAC scheme can be found here: <https://www.transport.govt.nz/area-of-interest/air-transport/government-support-for-the-transport-sector/>

Wage subsidy

The wage subsidy scheme is administered by the Ministry for Social Development, and has provided financial support for employers to retain employees. You can find more information about the current support here:

<https://www.workandincome.govt.nz/covid-19/covid-19-support-for-employers.html>

Aviation relief package

You can find a description of this package here: <https://www.transport.govt.nz/area-of-interest/air-transport/government-support-for-the-transport-sector/#:~:text=In%20March%202020%2C%20the%20Government,to%20and%20from%20New%20Zealand.>

COVID-19 tax related relief

The Government has provided significant tax support for businesses affected by COVID 19, administered by the Inland Revenue Department. You can read more about these programmes here:

<https://www.ird.govt.nz/covid-19/business-and-organisations>

Crown loan facility

In March 2020 the Government stepped in to protect Air NZ with a debt funding agreement through commercial loan facilities. As I said at the time, without this intervention, New Zealand was at risk of not having a national airline.

To date Air NZ has borrowed \$850m from this loan facility. Air NZ has been paying a commercial rate of interest on the amounts it has borrowed. The full \$850m borrowed by Air NZ will be repaid in early May 2022.

Further details of the Crown loan facility, as originally established, can be found here: <https://www.nzx.com/announcements/350298>

The terms of the facility were amended during its term; details of these amendments can be found here:

<https://www.nzx.com/announcements/377176>

<https://www.nzx.com/announcements/384616>

Redeemable shares facility

In December 2021 the Government provided further support to Air NZ through a redeemable shares facility. Under this facility, Air NZ was able to issue up to \$1 billion of redeemable shares to the Crown once certain conditions were met.

Air NZ has indicated that it will issue \$600m of redeemable shares to the Crown by May 2022. Air NZ is intending to borrow \$600 million through raising private sector debt by 30 June 2022 (subject to market conditions). This will be used to repay around \$400 million

of the redeemable shares. Air NZ has said it intends to repay the remaining \$200m of the redeemable shares before the end of calendar 2023.

Further details of the redeemable shares facility can be found here:

<https://www.nzx.com/announcements/384616>

Crown contribution to Air NZ's equity raise

Finally, as you are aware, Air NZ has announced a \$1.2 billion rights issue. This involves issuing new shares to those of the company's current shareholders who wish to purchase them. The Crown has committed to participate in the rights issue, by purchasing around \$602 million of new shares, ensuring the Crown will maintain its majority shareholding of 51% in Air NZ once the rights offer is completed.

Further details of Air NZ's rights issue and the Crown's participation in it can be found here: <https://www.nzx.com/announcements/389769>

Finally, you may be interested to know that I provided an enduring letter of the Government's expectations to the Chair of Air New Zealand in April 2021. This letter is publicly available here:

<https://www.treasury.govt.nz/sites/default/files/2021-04/loe-airnz-8apr21.pdf>

This reply addresses the information you have requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson', is positioned above the typed name.

Hon Grant Robertson
Minister of Finance