

Virus-hit Air New Zealand offered US\$515 mn bailout

March 19 2020



Air New Zealand has taken a hard hit from the coronavirus crisis, so the government stepped in

The government in Wellington on Friday announced an NZ\$900 million (US\$515 million) loan deal with Air New Zealand to help the flag carrier

survive the coronavirus crisis.

"Without this intervention, New Zealand was at risk of not having a national airline," Finance Minister Grant Robertson said.

Air New Zealand shares, which had been in a trading halt before resuming Friday morning, plummeted 34.4 percent to NZ\$1.01 after the market opened.

Air New Zealand has been hit hard by the crisis, as the [government](#) has sealed off borders to non-residents and advised against all overseas travel.

Even before the unprecedented measures, the airline had already cut long-haul flights by 80 percent and warned that one-third of its 12,500 workforce could lose their jobs.

Robertson said Air New Zealand played a critical role in the remote South Pacific nation, and that it was vital to retain flights to key international destinations throughout the crisis.

"This agreement means that Air New Zealand is in a position to play its part in making sure Kiwis can return home from overseas and that essential flights and freight lines for goods like pharmaceuticals remain open," he said.

Under the deal, the government—which owns 52 percent of Air New Zealand—will extend up to NZ\$900 million of credit to the airline over the next two years.

In return, the airline agreed to cancel its interim dividend to shareholders and not pay dividends for the next two years.

The credit facility is separate from a NZ\$600 million aviation industry support package announced Tuesday as part of a NZ\$12.1 billion economic stimulus package.

Air New Zealand chair Therese Walsh said the airline appreciated the government's support.

"The government and treasury moved swiftly to ensure that Air New Zealand had financial certainty as demand for flights domestically and internationally has rapidly fallen due to travel restrictions," she said.

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