


OC240466

21 May 2024



Tēnā koe 

I refer to your email dated 1 May 2024, requesting the following briefings under the Official Information Act 1982 (the Act):

*“24 Brown OC240140 20/02/2024 Meeting with Ministers of Finance and State-Owned Enterprises, 21 February 2024  
40 Brown, cc Doocey OC240079 27/02/2024 Meeting with the Maritime New Zealand Chair and Chief Executive – 28 February 2024”*

Both briefings are released with some information withheld under Section 9(2)(a) of the Act to protect the privacy of natural persons.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman’s website [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Hilary Penman  
**Manager, Accountability and Correspondence**

20 February 2024

OC Number: OC240140

Hon Simeon Brown

**Minister of Transport**

## **AIDE MEMOIRE: MEETING WITH MINISTERS OF FINANCE AND STATE-OWNED ENTERPRISES, 21 FEBRUARY 2024**

**To:** Hon Simeon Brown, Minister of Transport

**From:** Siobhan Routledge, Acting Deputy Chief Executive

**Date:** 20 February 2024

### **Summary/Purpose**

- 1 You are meeting with the Minister of Finance and Minister for State Owned Enterprises from **12-12.30pm on Wednesday 21 February**. The purpose of the meeting is for Ministers to meet with the members of the Ministerial Advisory Group (MAG) to discuss expectations and working assumptions before the MAG's work begins.
- 2 The Minister of Finance may also want to discuss:
  - the assessment of the long-term requirements for a resilient Cook Strait which the Ministry of Transport (the Ministry) is leading, and
  - the intersection between the MAG and the Ministry's work - how these two work programmes will best work together given there may be some overlap.

### **The Ministerial Advisory Group is tasked with providing independent advice and assurance**

- 3 The MAG will provide Ministers with independent assurance over KiwiRail's advice on, and approach to, ferry services on the Cook Strait. The meeting will give further clarity on what the MAG will provide advice to Ministers on but is likely to include issues such as:
  - the approach taken and independent assurance obtained by KiwiRail in relation to ongoing operations and maintenance of its ferries to meet safe and reliable service levels for the remaining life of the existing fleet (including around service configuration),
  - the KiwiRail Board's consideration of strategic choices it faces when deciding the scope and scale of its inter-island business beyond 2026/27 (including alignment with its rail business and risk appetite),

- the KiwiRail Board's consideration of the most cost-effective options to provide a reliable, resilient and safe ferry service beyond 2026/27, and
  - any additional considerations or complementary measures that could support resilience in the short- to medium-term beyond those considered by KiwiRail.
  - in coordination with the Ministry, alternative ownership and funding options to provide a reliable and safe ferry service for the Cook Strait.
- 4 The Treasury have also recommended that, while the scope and purpose of the MAG include advising on the safety, reliability, and future options for KiwiRail's inter-island services, it consider areas wider than just the ferry procurement options, including:
- the wider operating environment including the roles and responsibilities of the ports, the regulators and other shipping operators,
  - broader economic impacts and benefits, i.e., what is best for New Zealand, and the fiscal and affordability impacts for the Crown and
  - the fit with KiwiRail's role as a national freight provider.
- 5 For the avoidance of doubt, the purpose of the MAG is not to assume any of the responsibilities of the KiwiRail Board or act in any capacity as a board member of KiwiRail. As an SOE, KiwiRail will continue to be responsible for its inter-island service and to its passenger and freight customers and KiwiRail Board members remain responsible for their board duties

*Membership of the Ministerial Advisory Group was recently announced*

- 6 The Minister for State Owned Enterprises confirmed membership of the MAG on 15 February 2024, which will comprise of:
- **Mark Thompson**, Chair. Mark is the Chief Executive of Nelson Airport Ltd and has a detailed understanding of the InterIslander Cook Strait ferry business from his role as GM InterIslander 2015-2019 and the long term future plans developed at the time.
  - **Mark Cairns**, member. Mark is a director of Freightways, Auckland International Airport, and Sanford Limited. He was Chief Executive of Port of Tauranga from 2005 – 2021, Chief Executive of Toll Owens Limited and Owens Cargo Company Limited.
  - **Roger Sowry**, member. Roger is a professional director with a wide range of Board expertise in private, listed and Government business. He is also a former Member of Parliament and Cabinet Minister, having served at Parliament for 15 years.

### **The Ministry of Transport is assessing of the long-term requirements for a resilient Cook Strait connection**

- 7 Given the importance of the Cook Strait connection to the New Zealand transport system, the public and our freight sector, the Ministry of Transport wants to understand

what conditions need to be in place to ensure a resilient connection once the InterIslander fleet has reached its end of life (2026/27).

- 8 The Ministry intends to answer this question by considering transport connectivity between the North and South Islands using a standard economic framework involving identification of any market failures and the range of options to address them.
- 9 The Ministry is proposing to divide this work programme into two phases:
  - Phase one would identify any significant impediments or “market failures” that would prevent the market responding to a hypothetical exit of KiwiRail in a timely manner to maintain a resilient connection. The Ministry intends to report back to Ministers in May 2024.
  - Phase two will identify options for ensuring an ongoing resilient connection beyond 2026/27 with a report-back to Ministers in August 2024. The options we identify will depend on the results of Phase one – we expect that it will look at alternative ownership and funding models, including consideration of KiwiRail’s longer-term role in delivering ferry services.
- 10 In completing this work, the Ministry will consider a range of passenger and freight demand forecasts, possible market responses (including other North-South Island connections that can substitute for the Cook Strait connection including coastal shipping), relevant international experience, and impacts on the wider transport system.
- 11 We are currently in the process of establishing a Steering Group to support us in this work. This will comprise of the Treasury, New Zealand Transport Agency, and Maritime New Zealand. We will seek feedback on the draft Terms of Reference from members of the Steering Group so we can finalise it. Once final it will be published on the Ministry website. The Ministry is also developing a plan for engagement with key stakeholders.

**The Ministry of Transport plans to support the work of the MAG, enabling alignment of these two workstreams**

- 12 We have worked with Treasury to ensure the two work programmes are complementary. However, there is some risk of gaps or duplication between the work of the MAG and the assessment being carried out by the Ministry, particularly on the wider areas (paragraph 4 above).
- 13 To mitigate these risks about the wider system, economic impacts, and the role of KiwiRail the Ministry will work with Treasury to support the work of the MAG, while the Treasury will be a part of the Ministry’s Steering Group. The Ministry will also consult with the MAG on its Phase one findings on potential market failure before sending final advice to you. The Ministry will also coordinate with the MAG on analysis informing Phase two findings which will assess amongst other things the need for any government subsidy (if significant market failures are identified) and the appropriateness of relying on KiwiRail to deliver ferry services beyond 2026/2027.
- 14 A key issue is how we adequately respond to requests from the MAG while still delivering on our own work programme. The Ministry has prepared a briefing pack for

the MAG which provides key pieces of information such as the Domestic Transport Costs and Charges Study<sup>1</sup> and the National Freight Demand Study.

- 15 It is unlikely that the Ministry has the resource available to provide bespoke data and modelling information for the MAG, but we can identify where that information may already be available and provide advice on who could be commissioned to produce that work for the MAG. Treasury has a budget for this work which, subject to Treasury's discretion, could be used to commission data or modelling information. KiwiRail will also open up its data room for the both the MAG and the Ministry's work.

**Contacts**

Name	Telephone	First contact
Siohban Routledge, Acting Deputy Chief Executive	s 9(2)(a)	✓
Bev Driscoll, Manager, Rail		

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<sup>1</sup>The Domestic Transport Costs and Charges Study identified all the costs imposed by the domestic transport system on the wider NZ economy and the countervailing burdens, including the charges faced by transport system users. Its outputs aim to improve understanding of the economic, environmental and social costs associated with different transport modes, for freight and person movements, principally by road, rail and urban public transport.

27 February 2024

OC240079

**Hon Matt Doocey**  
**Associate Minister of Transport**

cc Hon Simeon Brown  
Minister of Transport

## MEETING WITH THE MARITIME NEW ZEALAND CHAIR AND CHIEF EXECUTIVE - 28 FEBRUARY 2024

### Snapshot

You are meeting with the Maritime New Zealand (Maritime NZ) Chair Dame Jo Brosnahan on 28 February 2024. To support you in your meeting, Te Manatū Waka Ministry of Transport (the Ministry) has provided suggested talking points in **Annex 1** and biographies of Dame Jo and Maritime NZ Chief Executive Kirstie Hewlett in **Annex 2**.

<b>Time and date</b>	4.15pm, 28 February 2024
<b>Venue</b>	Executive Wing 4.1R
<b>Attendees</b>	Dame Jo Brosnahan, Chair, Maritime NZ Authority Kirstie Hewlett, Chief Executive, Maritime NZ
<b>Officials attending</b>	David Wood, Deputy Chief Executive, Investment & Monitoring
<b>Agenda</b>	As discussed with the Minister's office, this will be a high level discussion centred on the role of the Board in Governance of Maritime NZ more generally.
<b>Talking points</b>	Suggested talking points are in <b>Annex 1</b>

### Contacts

Name	Telephone	First contact
David Wood, Deputy Chief Executive, Investment & Monitoring	s 9(2)(a)	
Harriet Shelton, Manager, Crown Entity Monitoring		✓
Johnny Crawford, Senior Advisor, Crown Entity Monitoring		

## MEETING WITH THE MARITIME NZ CHAIR - 28 FEBRUARY 2024

### Key points

- You are meeting with Dame Jo Brosnahan, Chair and Kirstie Hewlett, Chief Executive of Maritime NZ on 28 February 2024. This will be your first meeting with the Maritime NZ Chair.
- Maritime NZ has confirmed with your office that this will be an introductory meeting with a high-level discussion centred on the role of the Board.
- Although we anticipate that discussions will be relatively casual, topics that may be discussed are the Maritime NZ letter of expectations, funding review and the review of the Maritime Transport Act 1994.
- Talking points have been attached as **Annex One** and biographies of Dame Jo and Kirstie Hewlett have been attached as **Annex Two**.

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## Annex One: Talking Points

This will be your first meeting with Dame Jo Brosnahan, so discussion is likely to be high-level and introductory. It will also be an opportunity to raise any questions that you have or to outline any expectations.

- **Letter of Expectations**

Participating in the process of setting strategic direction and performance expectations, and monitoring performance against expectations, is a core statutory responsibility for Ministers responsible for overseeing Crown entities. The process enables a Minister to communicate the Crown's expectations to an entity, which the entity's Board then considers to inform their entity's strategic direction.

The Letter of Expectations (LOE) is the most common method for communicating those expectations. We are aiming to provide you with a draft LOE for Maritime NZ this week (OC240096 refers).

Officials have endeavoured to keep expectations consistent across the transport portfolio, including those entities for which the Minister of Transport is responsible. We have noted that expectations will be significantly different from the previous Government.

For this reason, we have emphasised expectations like economic growth, financial discipline, and transparency. For Maritime NZ, these expectations sit alongside its implementation of proposals funded by levy increases and specific activities in its work programme, like work on compliance, resilience, and security.

Although you will not have had an opportunity to consider the LOE prior to the meeting, it will be an opportunity to reiterate any high-level expectations the Government has for Maritime NZ. This could include some of the above themes and any expectations that you have discussed with your Cabinet colleagues (for example, the Ministers of Transport and Finance).

### Possible Questions

- How do you intend to maximise value-for-money from current funding and how do you expect this to change following the funding review?
- Do you think you will need to make any trade-offs to deliver your outputs and outcomes?
- What is your plan for working with my officials on delivering these expectations?
- Are there any shifts that you expect Maritime NZ will need to undertake over the next three years to meet the Government's expectations? Have you had any thoughts on how the Board will give effect to them?



- **Funding Review**

This meeting will take place after the Cabinet Economic Policy Committee (ECO) has considered your paper which seeks approval of changes to the Maritime Levy and Oil Pollution Levy.

If these changes gain Cabinet's approval, officials will brief you in the coming weeks about taking the associated legislative changes to the Cabinet Legislation Committee in May prior to the new levies coming into effect on 1 July 2024.

You may wish to provide Dame Jo with any updates or observations from ECO.

Possible Questions:

- How will the funding review proposals enable you to deliver on the Government's expectations?
- What have you heard from sector stakeholders about the impact of increased levies and the associated proposals?

- **Regulatory Review**

As Associate Minister of Transport, you have been delegated responsibility for any changes to rules and regulations under the Maritime Transport Act 1994 (the Act).

The Ministry and Maritime NZ have started scoping a review of maritime legislation. While the fundamentals of the Act remain sound, the legislation is increasingly complicated and difficult to navigate, and not keeping pace with changing technologies or international best practice

Possible Questions:

- What do you consider the main shortcomings with the Act as it currently stands?
- How has this been informed by engagement with sector stakeholders?

## Annex Two: Biographies

### Dame Jo Brosnahan – Maritime NZ – Chair



Dame Jo is an experienced Chair and independent director of both business and not for profits. The founding Chair of Leadership New Zealand, Dame Jo is a social entrepreneur with her own business, Leaders for the Future, which creates and facilitates leadership programmes for organisations which include the Institute of Directors and NZ Institute of Logistics and Transport.

Dame Jo has had previous experience as a CEO, broad experience in different sectors, including not-for-profits and undergone leadership research in support of her current roles.

### Kirstie Hewlett – Maritime NZ – Chief Executive and Director



Kirstie Hewlett joined Maritime NZ in May 2021 and is responsible for its day-to-day running. Before joining Maritime NZ, Kirstie was Deputy Chief Executive, System and Regulatory Design, at the Ministry of Transport, where she was responsible for areas covering transport safety, resilience, security, emissions, regulation, and the transport COVID-19 response.

Kirstie has held a range of senior leadership roles across the public sector, leading regulatory, strategy, corporate and governance functions.

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