

OC240555

20 June 2024



Tēnā koe 

I refer to your email dated 23 May 2024, requesting the following briefing papers under the Official Information Act 1982 (the Act):

- *“The New Setting of Speed Limits Rule: Public Consultation (OC240312)*
- *Draft Government Policy Statement on Land Transport 2024 (GPS 2024) Summary of Feedback from Public Consultation (OC240306)*
- *Commencing a New Approach to Road Safety (OC240320)*
- *Candidates for the Transport Revenue Expert Advisory Group (OC240395)*
- *Aide Memoire: Expectations on KiwiRail and the Rail Network (OC240374)*
- *Legislative Amendments to Enable Roadside Oral Fluid Screening (OC240392)*
- *Land Transport: Time of Use Charging – Draft Economic Policy Cabinet Committee Paper (OC240307)*
- *Aide Memoire: Technical Advice on the Lower North Island Rail Integrated Mobility Programme (OC240416)*
- *Meeting with Palmerston North City Council Regarding Te Utanganui, Central New Zealand Distribution Hub (OC240179)*
- *Budget 2024 Bilateral Meeting Advice (OC240209)*
- *Options to Progress Fee Updates and Amendments for Parking, Road Safety, And Towing and Storage (OC240220)*
- *Oral Fluid Testing – Legislative Change (OC240166)*
- *Transport ERP 2 Slide for the First Climate Priorities Ministerial Group (OC240254)*
- *Cover Note: Maritime New Zealand and Transport Accident Investigation Commission Appointments Briefings (OC240271)*
- *Government Policy Statement 2024: Work Programme Overview (OC240245)*
- *Time Of Use Charging Bill Amendments (OC240094)*
- *Climate Priorities Ministerial Group 25 March 2024 Meeting (OC240255)*
- *Aide Memoire: Additional Information on Potholes (OC240257)*
- *Aide Memoire: Upcoming Publication of the Social Costs of Road Crashes and Injuries June 2023 Update (OC240238)*
- *Transport Content for the Second Emissions Reduction Plan (ERP2) Consultation Document (OC240291)*
- *Aide Memoire: Oil Pollution Levy Options (OC240327)*
- *New Zealand Initiative Conference Speech 2024 (OC240283)”*

Of the 22 documents requested, I am releasing 10 briefings with some information withheld, withholding nine in full and refusing three. The document schedule at Annex 1 details how the briefings have been treated.

The following sections of the Act have been used:

9(2)(a)	to protect the privacy of natural persons
9(2)(b)(ii)	to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
9(2)(ba)(ii)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
18(d)	the information requested is or will soon be publicly available

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

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

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 & Correspondence

Annex 1 - Document Schedule

Doc#	Reference	Document	Decision on release
1	OC240312	The New Setting of Speed Limits Rule: Public Consultation	Refused under Section 18(d). When published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
2	OC240306	Draft Government Policy Statement on Land Transport 2024 (GPS 2024) Summary of Feedback from Public Consultation	Withheld in full under Section 9(2)(f)(iv). Following the GPS 2024 being published, the Ministry will proactively release advice and other relevant information on our website here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
3	OC240320	Commencing a New Approach to Road Safety	Withheld in full under Section 9(2)(f)(iv).
4	OC240395	Candidates for the Transport Revenue Expert Advisory Group	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv). The annex is refused under Section 18(d) and will be published soon on our website here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
5	OC240374	Aide Memoire: Expectations on Kiwirail and the Rail Network	Refused under Section 18(d). When published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
6	OC240392	Legislative Amendments to Enable Roadside Oral Fluid Screening	Released with some information withheld under Sections 9(2)(a), 9(2)(ba)(ii) and 9(2)(f)(iv). The draft Cabinet paper appended to the briefing is refused under Section 18(d) as the final version will be proactively released on 25 June 2024. When published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
7	OC240307	Land Transport: Time Of Use Charging – Draft Economic Policy Cabinet Committee Paper	Withheld in full under Section 9(2)(f)(iv).
8	OC240416	Aide Memoire: Technical Advice on the Lower North Island Rail Integrated Mobility Programme	Withheld in full under Section 9(2)(f)(iv) and 9(2)(i).
9	OC240179	Meeting with Palmerston North City Council Regarding Te Utanganui, Central New Zealand Distribution Hub	Released with some information withheld under Section 9(2)(a).

Doc#	Reference	Document	Decision on release
10	OC240209	Budget 2024 Bilateral Meeting Advice	Refused under Section 18(d). This briefing is included in a tranche of Budget 2024 documents that will be proactively released soon. When published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
11	OC240220	Options to Progress Fee Updates and Amendments for Parking, Road Safety, and Towing and Storage	Withheld in full under Section 9(2)(f)(iv).
12	OC240166	Oral Fluid Testing – Legislative Change	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(ii), 9(2)(f)(iv), 9(2)(h) and 9(2)(i).
13	OC240254	Transport ERP2 Slide for the First Climate Priorities Ministerial Group	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
14	OC240271	Cover Note: Maritime New Zealand and Transport Accident Investigation Commission Appointments Briefings	Withheld in full under Section 9(2)(f)(iv).
15	OC240245	Government Policy Statement 2024: Work Programme Overview	Withheld in full under Section 9(2)(f)(iv). Following the GPS 2024 being published, the Ministry will proactively release advice and other relevant information on our website here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
16	OC240094	Time Of Use Charging Bill Amendments	Withheld in full under Section 9(2)(f)(iv).
17	OC240255	Climate Priorities Ministerial Group 25 March 2024 Meeting	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
18	OC240257	Aide Memoire: Additional Information on Potholes	Withheld in full under Section 9(2)(f)(iv).
19	OC240238	Aide Memoire: Upcoming Publication of the Social Costs of Road Crashes and injuries June 2023 Update	Released with some information withheld under Section 9(2)(a).
20	OC240291	Transport Content for the Second Emissions Reduction Plan (ERP2) Consultation Document	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
21	OC240327	Aide Memoire: Oil Pollution Levy Options	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
22	OC240283	New Zealand Initiative Conference Speech 2024	Released with some information withheld under Section 9(2)(a).

16 April 2024

OC240395

Hon Simeon Brown
Minister of Transport**Action required by:**
Tuesday, 16 April 2024cc Hon Nicola Willis
Minister of Finance

CANDIDATES FOR THE TRANSPORT REVENUE EXPERT ADVISORY GROUP

Purpose

Provide you with terms of references and short list of potential members of the transport revenue expert advisory group, for cross-party consultation.

Key points

- Cabinet authorised the Minister of Finance and the Minister of Transport, with input from Coalition Party Leaders, to approve the terms of reference and appointments to the Transport Revenue Expert Advisory Group.
- The draft terms of references for the transport revenue expert advisory group are attached.
- To be a member of the expert advisory group, members should possess expertise or can contribute to issues related to transport pricing and policy, economics, technology, digital transformation, and consumer perspectives.
- The Cabinet circular CO (24) 2 mandates that Ministers consult and seek nominations for appointments. To assist in this process, the table below lists your three preferred candidates and provides a short biography for each. The Ministry has reached out to these candidates, who are interested in being part subject to further information and available if appointed.

s 9(2)(f)(iv)	
s 9(2)(a)	

- We have also been considering potential candidates with experience in technology and innovation that can support ideas generation, particularly in ensuring that the legislative design is future proof and fit-for-purpose for years to come. We have not yet engaged these potential candidates but can do so on request.

s 9(2)(a)	
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- You may wish to seek options for alternative candidates from your coalition colleagues during consultation. In parallel to your cross-party consultation, the Ministry of Transport will undertake departmental consultation on the group's membership.

Recommendations

We recommend you:

- 1 **note** the attached terms of reference for the group
- 2 **agree** to undertake cross-party consultation on the transport revenue expert advisory group membership Yes / No

David Wood
Deputy Chief Executive, Investment and Monitoring

Hon Simeon Brown
Minister of Transport
 / /

Hon Nicola Willis
Minister of Finance
 / /

- Minister's office to complete:**
- Approved Declined
 - Seen by Minister Not seen by Minister
 - Overtaken by events

Comments

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

Contacts

Name	Telephone	First contact
Matt Skinner, Manager Revenue	s 9(2)(a)	✓
James McDevitt, Senior Adviser Revenue		

**ANNEX 1: TERMS OF REFERENCE FOR THE TRANSPORT
REVENUE EXPERT ADVISORY GROUP**

s 18(d)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

s 18(d)



RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

17 April 2024

OC240392


Hon Simeon Brown
Minister of Transport**Action required by:**
Tuesday, 23 April 2024

LEGISLATIVE AMENDMENTS TO ENABLE ROADSIDE ORAL FLUID SCREENING

Purpose

Provide a draft Cabinet paper for Ministerial consultation which confirms your intention to proceed with Cabinet decisions from the previous Government on oral fluid testing. This would enable the Police to use random roadside oral fluid screening tests to better detect and deter drug driving.

Key points

- s 9(2)(ba)(ii), s 9(2)(f)(iv)

- At your direction, the Ministry of Transport has issued Bill drafting instructions to the Parliamentary Counsel Office for amending the Land Transport Act 1998 (the Act). The amendments will enable compulsory roadside oral fluid screening tests (OFT) based on the policy approvals agreed by Cabinet under the previous Government.
- You have informed us that you want to take a noting paper to Cabinet confirming your intention to progress with the current policy direction for legislative amendments (i.e., compulsory roadside oral fluid drug screening, with evidential laboratory testing if a positive result is returned at the roadside). This paper is attached for you to commence Ministerial consultation and take to the Cabinet Economic Policy Committee (ECO) meeting on 8 May.
- The attached paper outlines that under the new compulsory roadside oral fluid drug testing regime:
 - the NZ Police (Police) will have the power to screen drivers for specified qualifying drugs at the roadside using oral fluid screening devices;
 - drivers who return two positive results at the roadside will immediately be prohibited from driving for 12 hours;
 - drivers who return a positive result at the roadside will have an oral fluid sample sent for evidential laboratory testing, and if that test confirms the

presence of any specified qualifying drug at a level that indicates recent use, those drivers will be issued with an infringement fee and demerit points; and

- drivers who refuse to take a screening test will be issued with an infringement fee and demerit points at the roadside and be prohibited from driving for 12 hours.
- The proposed amendments to the Act will address issues identified through the device procurement process by enabling evidential laboratory testing before Police issues an infringement notice. We are aware that you would like the Select Committee to consider further the requirement for two positive tests as part of its deliberations on the Bill.
- Police supports the introduction of an approach requiring a screening test at the roadside followed by evidential laboratory testing where screening tests return positive results.
- We are aiming for this Cabinet paper to be considered by ECO at its meeting on 8 May 2024. In order to meet this timeframe, we will undertake departmental consultation concurrently with Ministerial consultation.
- Below is a timeline for taking this noting paper to ECO:

Timeframe	Milestone
Wednesday 17 April	Draft Cabinet paper on "Legislative Amendments to Enable Roadside Oral Fluid Screening" to your Office
Wednesday 24 – Tuesday 30 April	Ministerial and departmental consultation
Wednesday 1 May	Papers to your Office
Thursday 2 May	Lodge Cabinet paper with Cabinet Office
Wednesday 8 May	ECO meeting

Recommendations

We recommend you:

- 1 **note** the attached Cabinet paper confirms your intention to progress legislative amendments to enable random roadside oral fluid screening tests to better detect and deter drug driving, based on the policy approvals agreed by Cabinet under the previous Government
- 2 **agree** to commence Ministerial consultation (24-30 April) Yes / No
- 3 **note** we will undertake departmental consultation at the same time as Ministerial consultation
- 4 **note** the Cabinet paper will be finalised for you to take to the Cabinet Economic Policy Committee meeting on 8 May 2024.



Bronwyn Turley
Deputy Chief Executive, Regulatory
 17 / 04 / 2024

Hon Simeon Brown
Minister of Transport
 / /

- Minister's office to complete:**
- Approved Declined
 - Seen by Minister Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive, Regulatory	s 9(2)(a)	✓
Joanna Heard, Manager, Safety		

Note: the Cabinet paper referred to in this briefing is refused under Section 18(d). The final version, which includes additional information than the draft, will be published on the Ministry's website soon.

5 March 2024

OC240179

Hon Simeon Brown
Minister of Transport

MEETING WITH PALMERSTON NORTH CITY COUNCIL REGARDING TE UTANGANUI, CENTRAL NEW ZEALAND DISTRIBUTION HUB

Snapshot

You are meeting with the group behind the planned Te Utanganui distribution hub, which includes Palmerston North City Council and the Central Economic Development Agency (CEDA), to discuss the proposed development and to identify how government can support the project.

Time and date	9:30-10:30am, 7 March 2024
Venue	Executive Meeting Room, Palmerston North City Council offices
Attendees	Grant Smith, Mayor, Palmerston North City Council Waid Crockett, CEO, Palmerston North City Council David Murphy, Chief Planning Officer, Palmerston North City Council Jerry Shearman CEO, Central Economic Development Agency Craig Nash, Programme Director, Accelerate 25
Officials attending	None
Agenda	<ul style="list-style-type: none"> • Presentation of Te Utanganui Central New Zealand Distribution Hub • Discussion on Minister's views and direction for Government support for the project
Talking points	Talking points have been provided as Annex 1

Contacts

Name	Telephone	First contact
Siohban Routledge, Acting Deputy Chief Executive	s 9(2)(a)	✓
Marian Willberg, Manager Freight & Supply Chain		

Key points

- Te Utanganui is a planned major distribution hub, designed through a masterplan, that comprises various projects, transport links and industrial areas northwest of Palmerston North. It stretches from KiwiRail's proposed future rail hub near Bunnythorpe southwards to the existing industrial area around Palmerston North Airport. The masterplan will be implemented in three stages, eventually covering a total area of 288 hectares by 2052.
- Once fully completed, the hub is designed to provide economic, social and environmental benefits for the region and the country. It is being designed to help reduce emissions through more efficient freight movement and provide more efficient delivery of goods in New Zealand.
- Te Utanganui's stated advantage is its location – at the centre of the North Island served by international ports, the North Island Main Trunk, a 24/7 airport and at the intersection of all state highways connecting Taranaki, Hawke's Bay, Wellington, and the North. The Central Economic Development Agency highlights Te Utanganui as the 'third node' for New Zealand's supply chain – complementing the Golden Triangle (Auckland-Hamilton-Tauranga) and southern Christchurch node.
- The future development is also aligned with the ongoing and proposed construction of roads which are part of a Council and New Zealand Transport Agency (NZTA) partnership called the Palmerston North Integrated Transport Initiative. This partnership will see about 70 transport projects occur in the city and region over the coming 30 years. This notably includes the Te Ahu, a Turanga highway under construction across the Ruahine Range, and the planned investigation of an outer city ring route for freight.
- To enable this vision, some of the land surrounding these key freight centres and roads will become part of an Industrial Zone¹ to make room for large format distribution businesses. This is likely to impact a range of landowners and Palmerston North City Council intend to formally consult on this initiative as part of its Long-Term Plan (April/May 2024). The Council has recently held several sessions for affected landowners. We anticipate that the City Council will want to discuss with you the role of city and regional deals to assist in enabling projects of this scale.

There are many different groups involved in developing Te Utanganui

- 1 Te Utanganui has been developed by CEDA (Central Economic Development Agency), Palmerston North City Council, and Manawatū District Council, in partnership with mana whenua Rangitāne o Manawatū.
- 2 In 2012, Palmerston North City Council expanded its boundaries to encompass the area that includes Te Utanganui, along with other satellite towns including Bunnythorpe. The land was transferred from Manawatū District Council. This change happened because developing this land on the border of the two councils' responsibilities was proving difficult, and in anticipation of the expected housing and industrial growth over the coming decades.

¹ This is shown in Figure 1 as the North East Industrial Zone.

- 3 Horizons Regional Council is the regional authority for the area. It has a wider responsibility from Ruapehu district in the north to Horowhenua in the south, Whanganui in the west and Tararua district in the east.
- 4 CEDA is the economic development agency for the Horizons area, while Accelerate25 is responsible for developing Economic Action Plans for the Manawatū-Whanganui area, with the aim of developing a prosperous region by 2025.
- 5 Mana whenua for the area of Te Utanganui is Rangitāne o Manawatū, who have the mandated iwi authority Tanenuiarangi Manawatū Incorporated and six constituent hapū. The Horizons area contains many other hapū and iwi groups.

Overview of various projects contained in Te Utanganui

- 6 Te Utanganui encompasses several infrastructure projects in Manawatū that, when combined, create the primary distribution and transport hub project for central New Zealand. These can be seen in *Figure 1* below

Figure 1: overview of core Te Utanganui initiatives



1. KiwiRail's Regional Freight Hub	5. Ruapehu Aeropark
2. Te Ahu a Tūranga: Manawatū-Tararua Highway	6. Kawakawa Industrial Precinct, Feilding
3. Ōtaki to North of Levin (O2NL) Expressway	7. Palmerston North Airport
4. North East Industrial Zone (NEIZ)	8. Palmerston North Integrated Transport Initiative – Regional Freight Ring Road
	9. Manawatū Inland port

Additional background material on Te Utanganui

- 7 The area Te Utanganui already includes a number of major industrial warehouses and manufacturing sites, including for Foodstuffs North Island, Woolworths New Zealand (Countdown), Toyota NZ, and the New Zealand Defence Force.
- 8 Palmerston North Airport is one of three key freight airports in New Zealand (the other two being Auckland and Christchurch) with 24-hour operations. Wellington Airport has a curfew, which limits its ability to act as the air freight hub for the lower North Island. Palmerston North sees nightly express freight services operated by ParcelAir (contracted by a joint venture between New Zealand Post and Freightways).
- 9 While there are no international container ports in the region, Horizons Regional Council holds approximately 25 percent of the shares in CentrePort, with the balance being held by Greater Wellington Regional Council.
- 10 Ports of Auckland, Napier Port and Hall's Group operate a small inland port in Longburn, to the south of Palmerston North. Locations in Longburn were considered by KiwiRail as part of the site selection process for their proposed hub but were not preferred. Flooding, transport connectivity and environmental impact were all key factors against a Longburn site. Conversely, the connectivity with the air and road networks and alignment with PNCC growth plans were key drivers for the Bunnythorpe site.

Submission on the freight and supply chain strategy

- 11 Horizons Regional Council's submission on the New Zealand Freight and Supply Chain Strategy outlined the area's importance as a freight connector and called for greater articulation of central government's role as an investor in freight infrastructure. They also called for further examination of a multi-modal system as an enabler of greater resilience if one transport mode is disrupted. Land availability for freight use (especially land suitable for warehousing, logistics, and similar) was a concern too, and they felt that there needs to be better integration between transport and land use.

The Palmerston North Integrated Transport Initiative

- 12 The Palmerston North Integrated Transport Initiative (PNITI) is an integrated land-use and transport plan jointly developed by NZTA, Palmerston North City Council, Horizons Regional Council and Manawatu District Council. PNITI was endorsed by the NZTA Board in 2021, noted as the highest priority project in HRC's Regional Land Transport Plan 2021-31 and endorsed by PNCC in 2022.
- 13 PNITI contains over eight strategic initiatives to be completed over the next 30 years. This includes investigating a Freight Ring Route, corridor and intersection upgrades, and longer-term interventions to support the proposed KiwiRail freight hub such as improvements between Ashhurst and Bunnythorpe.
- 14 The key barrier to faster progress of the PNITI programme has the lack of local share to match the existing National Land Transport Fund (NLTF) contribution. With four claimable months left in the 2021-24 National Land Transport Programme, PNCC have claimed around half of the NLTF funding approved and available for improvements and investment management (i.e., business cases and project development) associated with PNITI to date.

- 15 It is highly likely that the City Council will seek surety that the Government will continue to support and invest in this suite of projects under the Government Policy Statement on Land Transport 2024 (GPS 2024). You should mention that the draft GPS 2024 will confirm the return of Roads of National Significance and two new activity classes which prioritise maintaining the roading network and preventing further deterioration in roading quality, underscoring this Government's commitment to critical infrastructure that supports economic growth and regional development.
- 16 You should also note that you welcome their engagement on the draft GPS which was released Monday on the Ministry of Transport Website. Consultation will officially close on 2 April 2024.

City and regional deals

- 17 Te Utanganui is an ambitious vision for the central North Island and will require investment from private, local and central parties to fully realise. The Ministry understands that the various local Councils involved in Te Utanganui have expressed an interest in the Government's commitment to developing national, city and regional deals, and will likely want to discuss the possibility of this with you during your visit.
- 18 Palmerston North City Council plans to formally consult on this initiative as part of its Long-Term Plan (April/May 2024) and has recently held a number of information sessions for affected landowners. The City Council might see a regional deal as a way to assist in enabling the project not just from a funding perspective but also from an RMA perspective.
- 19 You could mention that you are keeping an open mind to the role of a city or regional deal in this case as you recognise New Zealand has a significant infrastructure deficit and needs to improve the way it funds, procures and maintains infrastructure. You could ask them what challenges they face and how a city deal could benefit Te Utanganui specifically. More talking points are provided in Annex 1.

Proposal of national significance and funding

- 20 We also understand in the past that CEDA was seeking Te Utanganui to be designated a proposal of national significance, which requires sign off by the Minister for the Environment. If CEDA raises this, we suggest noting that there is an avenue for applicants to lodge their proposal with the Environment Protection Authority, which manage the process and can make a recommendation to the Minister.
- 21 We note that CEDA have said it has engaged with Crown Infrastructure Partners in the past. If it brings up funding in the meeting, this is the entity we suggest it approaches on funding available through the Infrastructure Financing and Funding Act. Crown Infrastructure Partners manage similar arrangements for the Ruakura superhub in the Waikato. The Act is otherwise the responsibility of the Ministry of Housing and Urban Development, not the Ministry of Transport.

Biographies



Grant Smith

Grant has been the mayor of Palmerston North since winning a 2015 by-election, and a councillor since 2013. Before becoming mayor, he ran a design studio.



Jerry Shearman

Jerry is the CEO of CEDA. He has served in that role since January 2022, and previously spent nearly six years as the Executive Director of Education and Applied Research management roles at the Universal College of Learning in Palmerston North.



David Murphy

David is Palmerston North City Council's Chief Planning Officer. On top of city and community planning, he is also responsible for international relations and Māori advisory at the council.



Craig Nash

Craig is part of Accelerate25 and also heads Spearhead, a programme designed to drive investment and development in the Manawatū and lower North Island.



Waid Crockett

Waid has been CEO of Palmerston North City Council since November 2022. Waid was previously CEO of South Taranaki District Council. Waid has more than 30 years management experience in organisations, both public and private.

Annex 1: Talking Points

Questions you could ask regarding the Te Utanganui distribution hub

- **Question:** What are the biggest challenges the project has faced to date. What are the future challenges?
- **Question:** Have you been in communication with the partnership behind Ruakura in the Waikato? If so, what have you learnt from their journey?
- **Question:** What companies do you anticipate will invest in this development, and what role do you see Government playing here?
- **Question:** What kind of growth is the region experiencing? Is there justification for Palmerston North serving as a third node?

City and Regional Deals

- To address other infrastructure projects, such as Te Utanganui, the Government is looking at ways partner with local government to create long-term City and Regional deals so there is an agreed, visible pipeline of priority projects underway across the country.
- Public/Private partnerships, tolls and other funding mechanisms will be considered to speed infrastructure delivery. There are a series of opportunities and challenges that arise in city and regional deals.
- We also need to improve the institutional and regulatory settings that can impact development capacity, unnecessarily delay projects and create uncertainty for stakeholders. For example, as part of amending the Resource Management Act, the Government will make it easier to consent new infrastructure using fast-track consenting processes for regional and national projects of significance.
- I am also interested in how Palmerston North and the Manawatū region can leverage existing infrastructure and industries, such as the research and education facilities at Massey University, and its relationship to the primary sector to help shape a growth strategy for the region including the creation of new employment and economic opportunities that will lift productivity.
- **Question:** I am interested in hearing more about how this project is being governed and what benefit you think a city or regional deal could provide for a project of this scale.

Other topics

- **Designating Te Utanganui as a proposal of national significance** - there is an avenue for applicants to lodge their proposal with the Environment Protection Authority, which manages the process and can make a recommendation to the Minister for the Environment.
- **Funding via the Infrastructure Financing and Funding Act** – I recommend you continue to engage with Crown Infrastructure Partners. I am aware that Crown Infrastructure Partners managed similar arrangements for the Ruakura superhub in the

Waikato. The Act is otherwise the responsibility of the Ministry of Housing and Urban Development, not the Ministry of Transport.

- **Draft GPS 2024** – We are prioritising economic growth and productivity by targeting transport investment to support people and freight to move as quickly, efficiently and safely as possible. The draft GPS realigns the transport spend to better support economic growth, ensuring New Zealanders have a well maintained and reliable transport network.
- We will provide an additional \$640 million for road maintenance and in total, we will invest an additional 43 percent into the ongoing maintenance of the roading network. I have also amended the Rail network activity class to end road user funding and subsidy of investment in the rail freight network.
- I invite you to have your say on the draft GPS and its direction. Consultation officially closes on 2 April 2024.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

8 March 2024

OC240166

Hon Simeon Brown
Minister of Transport

Action required by:
At your convenience

ORAL FLUID TESTING – LEGISLATIVE CHANGE

Purpose

Seek your approval of the policy direction for amending the Land Transport Act 1998 (the Act) to enable compulsory roadside oral fluid (saliva) drug testing to better detect and deter drug driving.

Key points

- You have indicated that you want to progress legislative change this year to enable the New Zealand Police (the Police) to rollout roadside oral fluid drug testing. You have set targets in the draft Government Policy Statement on Land Transport for the Police to undertake 50,000 tests per year once the regime is in place.
- The Parliamentary Counsel Office (PCO) will draft an amendment bill on the basis of previous Cabinet decisions, which align closely with our understanding of your preferred approach, provided you agree.
- This briefing seeks your agreement to these proposed changes which would amend the regime from roadside enforcement to roadside screening, with evidential testing of oral fluid in a laboratory before infringement notices are issued. This requires amending the device approval criteria for oral fluid test (OFT) devices that will be used for screening. The purpose of this change is to reduce the risk of drivers receiving an infringement notice based on false positive results, and allow for use of available testing devices.
- Under the new regime, it is proposed that:
 - if a driver tests negative (i.e., the OFT indicates no presence of any specified qualifying drugs), they will generally be free to go, unless the police officer has good cause to suspect the driver has consumed a drug and instigates a Compulsory Impairment Test (CIT).
 - if the first screening test is positive for a specified qualifying drug/s or family of drugs, the police officer will conduct a second screening test. If that test is also positive for a specified qualifying drug/s or family of drugs, the person would be forbidden from driving for 12 hours.
 - a positive oral fluid sample will be sent to a laboratory for evidential testing. The driver will be issued with an infringement notice if the presence of a specified

qualifying drug above the specified concentration level is confirmed through laboratory analysis (see Annex One for more detail on the steps in the process).

- The new regime would operate alongside the existing CIT process. This process needs to be retained as oral fluid testing devices can only indicate the presence of a limited range of specified qualifying drugs (typically being THC (the main psychoactive constituent of cannabis), methamphetamine, amphetamine, benzodiazepines (sedatives), cocaine and opiates (e.g., morphine)).
- s 9(2)(ba)(ii), s 9(2)(f)(iv) [REDACTED] If you agree, we will issue drafting instructions and expect a bill to be ready for Cabinet approval in s 9(2)(f)(iv) (subject to the priority the Amendment Bill is given in the Government's 2024 Legislative Programme). We will work with your Office to confirm a timetable that can meet this requirement. Should you wish to pursue a different approach, fresh Cabinet decisions will be required which will push out the timeframes.
- PCO has advised that it can progress with the amendments as previously agreed. If you would prefer to take these amendments to Cabinet prior to issuing drafting instructions to PCO, this would also push out the timeframes.

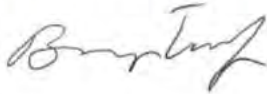
Recommendations

We recommend you:

- 1 **note** legislative amendments are required to the Land Transport Act 1998 (the Act) to enable compulsory roadside oral fluid (saliva) drug testing to better detect and deter drug driving
- 2 **note** a previous Cabinet agreed to amendments which would change the regime from roadside enforcement to roadside screening
- 3 **note** to enable roadside screening, amendments were proposed to:
 - the oral fluid testing device approval criteria so that the Minister of Police was able to approve currently available devices
 - infringement notices being issued following laboratory confirmation of the presence of a specified qualify drug/s or specified family of drugs above a certain level of concentration
- 4 **note** under the proposed new regime, drivers would still be prohibited from driving for 12 hours if they return two positive tests at the roadside
- 5 **note** the proposed new regime would also introduce an infringement offence for drivers who refuse to undertake an oral fluid test, with an infringement fee, demerit points, and prohibition from driving for 12 hours
- 6 **agree** to progress the current policy direction for amending the Act to implement a new regime that uses oral fluid testing devices as screening devices, with laboratory confirmation of oral fluid samples required before infringement notices are issued

Yes / No

- 7 **note** that the new oral fluid screening regime will operate alongside the existing compulsory impairment test process which needs to be retained as oral fluid testing devices can only detect a limited range of qualifying drugs
- 8 **note** that the cost of implementing the new oral fluid screening regime is intended to be met through the National Land Transport Fund, and that the Police will require an estimated 12-month lead-in time after legislation is passed before implementing the regime
- 9 **note** further work needs to be undertaken to determine exactly how much implementation of the new regime will cost, as well as how Police will operationalise testing and its likely impact on Police capacity to meet other road policing activity measures
- 10 **advise** if you want to take the proposed amendments to Cabinet prior to issuing drafting instructions to PCO, provided you agree to recommendation 6 above, noting this will have implications on the timeframes Yes / No
- 11 **agree** that we issue drafting instructions to PCO, provided you agree to recommendation 6 above and subject to recommendation 10 Yes / No
- 12 **note** we will provide further advice on timeframes subject to consideration of the 2024 Legislation Programme
- 13 **forward** this briefing to the Minister of Police. Yes / No



Bronwyn Turley
Deputy Chief Executive, Regulatory
 08 / 03 / 2024

Hon Simeon Brown
Minister of Transport
 / /

- Minister's office to complete:**
- Approved Declined
 - Seen by Minister Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive, Regulatory	s 9(2)(a)	✓
Joanna Gould, Principal Adviser, Safety		

ORAL FLUID TESTING – LEGISLATIVE CHANGE

Background

The Land Transport (Drug Driving) Amendment Act 2022

- 1 Impaired driving is a significant and persistent issue on our roads. According to Crash Analysis System data, together alcohol and drugs are the leading contributing factors to fatal crashes. In 2023, drug driving was a contributing factor in 29 percent of fatal crashes – the fifth most common factor. Tackling impaired driving is a priority in the Government Policy Statement on Land Transport.
- 2 On 11 March 2023 the Land Transport (Drug Driving) Amendment Act 2022 came into force. This amended the Land Transport Act 1998 (the Act) to introduce a random roadside oral fluid test (OFT) regime to enable Police to test drivers for the presence of the highest risk illicit and prescription drugs that impair driving.
- 3 The OFT regime is intended to improve the detection and deterrence of drug driving. It allows Police to randomly (without suspecting drug use) test the oral fluid of drivers at the roadside, similar to the approach to drink driving enforcement. Under the Act, drivers that receive two positive OFT results for the same qualifying drug/s and do not request an evidential blood test can be prohibited from driving for 12 hours and issued an infringement notice, carrying 50 demerit points and a \$200 fine.
- 4 Previously, the only option for police officers to detect drug driving at the roadside was to perform a compulsory impairment test (CIT) on drivers they had 'good cause to suspect' had consumed drugs. A driver that fails the test is required to undertake a blood test. A CIT and subsequent blood testing can take up to 1.5 hours, which limits the number of tests Police can give to detect and deter drug driving.

The OFT regime cannot be implemented as intended as no testing device meets the current legislative requirements

- 5 Before approving an OFT device, section 71G of the Act requires the Minister of Police to be satisfied that the device will return a positive result only if the device detects the presence of a qualifying drug at a level that indicates recent use of a specified qualifying drug.
- 6 Police completed a procurement process for OFT devices in 2022, which confirmed that there was no device commercially available that met the approval criteria in the Act. This is due to concerns with accuracy (commercially available devices can produce inaccurate results), specificity (devices can detect some individual qualifying drugs, but for some qualifying drugs only classes or families of drugs can be detected) and recent use issues (some drugs can be detected up to 24 hours, or longer, after consumption). ^{s 9(2)(h)}
- 7 OFT devices can produce both false positive and negative results. False positive results are particularly problematic, as they could result in enforcement action taken against drivers who have not recently consumed any qualifying drug. Depending on the device, these can range from 5 – 10% of results. There are a number of reasons why a device might report a false positive result, including operator error,

manufacturing fault, sample contamination, unusual subject biology, out-of-operating-limits, and climatic conditions. Performing a second test will not necessarily eliminate all of these causes. The chance of a false positive result after two tests could range from 0.01% – 5.5%.

Legislative change is required to enable roadside drug testing

Specific legislative amendments were agreed to by a previous Cabinet

- 8 To rectify issues with implementation of roadside OFT, a previous Cabinet agreed to introduce a new regime which would reflect the capability of currently available technology. It agreed to change the device approval criteria to account for devices producing a low proportion of false positive results, and detecting families of drugs which qualifying drugs are a member of.
- 9 With this change to the approval criteria, Police would be able to screen drivers at the roadside with an OFT device, which will detect whether a person is driving with one or more specified qualifying drug/s or a family of drugs in their oral fluid, with laboratory testing following any positive results:
 - 9.1 A police officer would conduct a screening test on a driver. If the test is negative (that is, no qualifying drugs are detected) the driver would usually be free to go. An exception would be if a police officer has good cause to suspect the driver has consumed a drug or drugs and instigates a CIT.
 - 9.2 If the first screening test is positive, the police officer will conduct a second screening test. If that test is also positive for the same or different qualifying drug/s or family of drugs, the person would be forbidden from driving for 12 hours. An oral fluid sample would be sent to a laboratory for evidential testing.
 - 9.3 If the laboratory test detects the presence of a specified qualifying drug/s above a threshold that is indicative of recent use, Police will issue an infringement notice to the driver. The regime will allow the driver to undertake independent testing.
- 10 The new regime would therefore require two positive OFT results before enforcement action is taken at the roadside. Using laboratory tests to form the evidentiary basis for an infringement removes the chances that a driver is incorrectly issued an infringement when they have not recently used qualifying drugs. However, a very small proportion of drivers (estimated to be between less than 1 percent and up to 5 percent) may be forbidden from driving for 12 hours on the basis of two false positive oral fluid screening results. This risk is balanced against the intent of the regime, which seeks to reduce deaths and serious injuries on our roads.
- 11 Police is yet to confirm the number of oral fluid swabs to be required from drivers, as this is reliant on the outcome of the procurement process. However, it is anticipated that only two physical swabs will be required.
- 12 The option for a driver who has failed two OFT to elect an evidential blood test was not required under this proposed regime, as the evidential laboratory test would be used instead.

- 13 The qualifying drugs will be specified in a notice issued by the Minister of Police that approves the evidential laboratory testing process. This is similar to the approach used for approval of oral fluid screening devices. The specified drugs for the evidential laboratory test will need to be from the list of 25 qualifying drugs in Schedule 5 of the Act. These potentially impairing drugs were included in the Schedule on the advice of an independent expert panel, based on New Zealand data linking road crashes with the presence of the drugs in the drivers' blood samples.
- 14 The new regime is also proposed to introduce an infringement offence for drivers who refuse an OFT, punishable by an infringement fee of \$400 and 75 demerit points (the maximum penalty available for a driver who provides an oral fluid sample and is subsequently found to have two or more qualifying drugs in their oral fluid). The driver will also be prohibited from driving for 12 hours to address any potential road safety risk.
- 15 New infringement offences, enforcement and evidential provisions will be required to implement the new regime. The infringement offences will be similar to the existing offences in the Act (including combination offences where drivers have consumed both alcohol and drugs). These offences are currently drafted with reference to first and second oral fluid tests, so will need to be updated to reflect the new evidential laboratory testing process. Procedures for dealing with oral fluid specimens could be set out in regulations made under the Act.

Changing the device approval criteria

- 16 The approval criteria for an OFT device to be used as a screening tool aligns broadly with existing legislative requirements, with the following changes:
- 16.1 Accuracy: the Minister of Police will be required to have regard to the accuracy of the device, but will no longer need to be satisfied that the device will *only* return a positive result if the device detects the presence of a qualifying drug.
- 16.2 Drug detection: devices can be approved if they detect families of drugs that individual qualifying drugs are members of. For many qualifying drugs, OFT devices do not indicate the use of a specific drug, but rather a family of drug. For example, the opiate channel on a device can detect a range of qualifying drugs, including morphine, codeine and tramadol, but won't indicate which of these specific drugs is present.
- 16.3 Recent use: the device will need to have a concentration threshold that aligns with those set out in any relevant Standard. The current Standard is the AS/NZS 4760:2019 Australian/New Zealand Standard "Procedure for specimen collection and the detection and quantification of drugs in oral fluid". The concentration thresholds in the Standard are generally accepted as indicative of relatively recent drug use (as opposed to historical use or accidental exposure).
- 17 This regime of roadside screening, with evidential testing of oral fluid in a laboratory before infringement notices are issued, is similar to that implemented in Australia.

Implementing the changes

- 18 Following Cabinet approval, officials provided instructions to PCO for an amendment bill to give effect to the changes. However, there was not time to progress drafting before the 2023 General Election, so the bill did not proceed.
- 19 We understand that the implementation of OFT is a priority for you and you would like to have legislation passed by the end of 2024. We will work with your Office to agree a timetable that can achieve this. We note enactment by the end of this year may require condensing some stages of the process. We are awaiting confirmation of the 2024 Legislation Programme, following which we will issue drafting instructions to PCO, if you agree.
- 20 If you would prefer to take the amendments to Cabinet prior to issuing drafting instructions, this will push out the timeframes for enactment.

Implementation by Police

- 21 Police has estimated it will require a 12-month lead-in time after legislation is passed, to procure OFT devices and laboratory testing services through a competitive tendering process, develop operational procedures, and train police officers. Procedures for dealing with oral fluid specimens will be set out in regulations made under the Act.

22 s 9(2)(b)(ii)

- 23 We understand that Police is yet to determine how it will operationalise the OFT regime and work will also be required to determine the impact of the 50,000 tests per year target on Police capacity to achieve other road policing activity measures.

Financial Implications

- 24 The costs of implementing the oral fluid testing regime will mostly fall on Police. These costs were intended to be met through the National Land Transport Fund, which funds road policing.

25 s 9(2)(b)(ii) s 9(2)(i)

- 26 A cost-benefit analysis completed on the current OFT regime in the Act estimated that Police costs would be \$26.3M over a ten-year period. Additional costs for laboratory confirmatory testing are estimated to be around s 9(2)(b)(ii) over that period. This compares to estimated benefits of \$812.5M. This was based on graduated targets of 33,000 tests in the first year, 50,000 in the second year, and 66,000 in the third and subsequent years after the provisions come into force.

27 The cost-benefit analysis estimated that 65 lives would be saved over a ten-year period under the new OFT regime. The updated value of statistical life is \$12.5M per fatality.

28

s 9(2)(f)(iv)

Human Rights

29 The current policy direction may have implications under the New Zealand Bill of Rights Act (BORA). In particular, the proposals are likely to raise considerations under the following sections:

s 9(2)(h)

30 However, a number of mitigations have been included in the proposed new regime to reduce the BORA implications. These include:

30.1 the procedural safeguard of two positive OFT before a driver is forbidden to drive;

30.2 the new regime includes a confirmatory laboratory test of oral fluid, removing the likelihood of an infringement being issued on the basis of a false-positive result. An OFT is less invasive than a blood test, which is the confirmatory test option under the current OFT regime in the Act;

30.3 the sanction for failing an OFT and a laboratory test remains an infringement fee, not a criminal charge.

31 The Ministry of Justice had previously agreed the amendments may engage the BORA and raised some human rights concerns but supported the mitigation safeguards proposed.

32 The Privacy Commissioner has previously noted significant privacy concerns with the oral fluid testing regime as a whole, and about the specific proposals for the new regime. The concerns centred on the lack of sufficient evidence that the proposed privacy intrusion is proportionate, considering the anticipated benefits, and some specific issues about matters relevant to privacy principles under the Privacy Act 2020, including issues around fairness and accuracy in the collection, use and retention of highly sensitive personal information.

33 Should these amendments progress, the draft bill will need to be assessed for consistency with the BORA. We will continue to engage with the Ministry of Justice

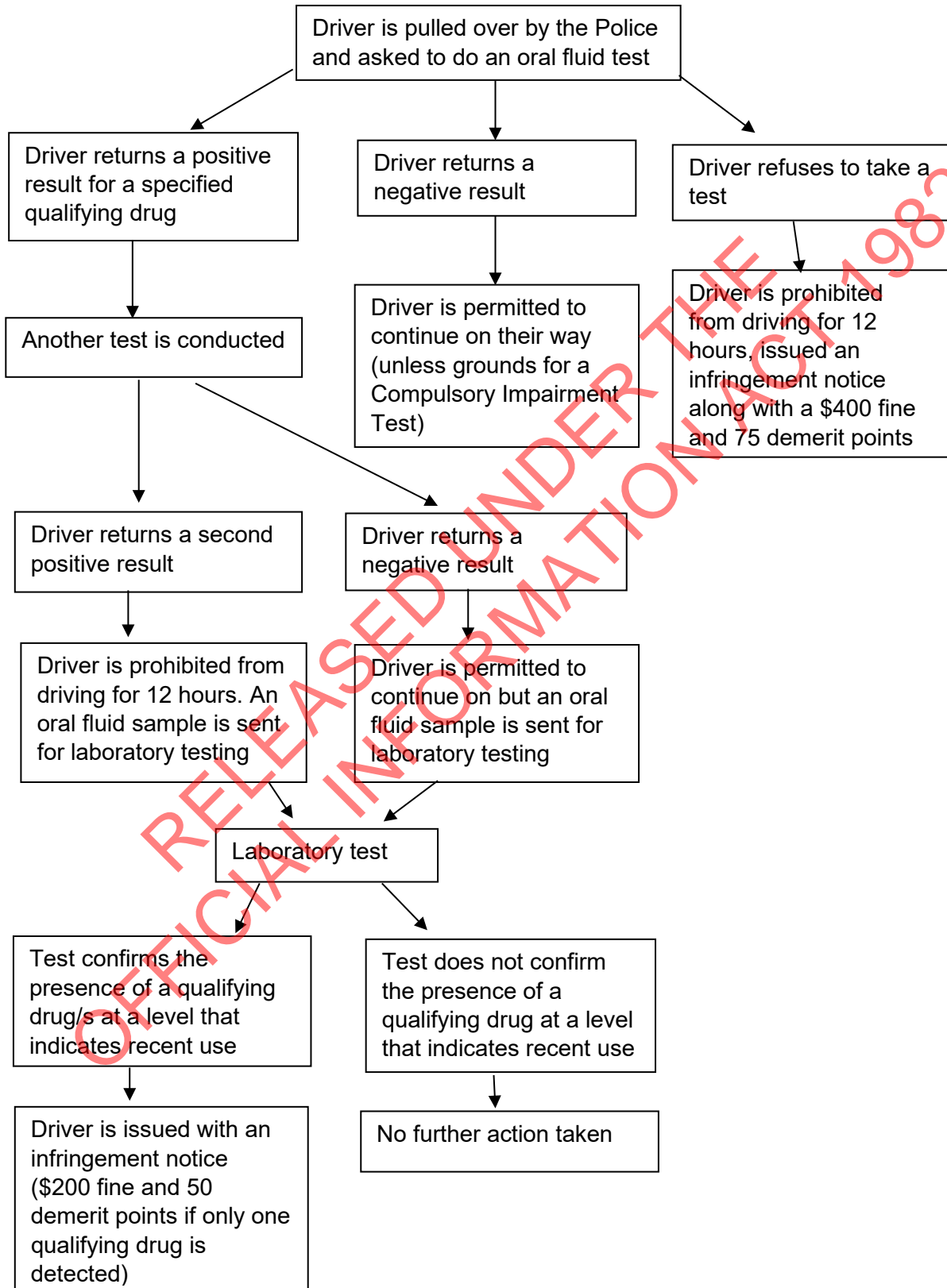
BORA vetting team and the Office of the Privacy Commissioner regarding these matters.

Next Steps

- 34 We recommend that you agree to progress with the current policy direction to enable roadside drug screening.
- 35 Subject to your decisions, and the 2024 Legislation Programme, we will reissue drafting instructions to the PCO for an amendment bill. We will work with your office to agree a timetable that can achieve enactment this year.

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ANNEX 1 – PROCESS MAP OF THE PROPOSED NEW ORAL FLUID TESTING REGIME FOR ROADSIDE SCREENING





14 March 2024

OC240254

Hon Simeon Brown
Minister of Transport

Action required by:
Monday, 18 March 2024

TRANSPORT ERP 2 SLIDE FOR THE FIRST CLIMATE PRIORITIES MINISTERIAL GROUP

Purpose

- Seek your approval of the attached one pager to be included in the papers for the first Climate Priorities Ministerial Group (CPMG) meeting on 26 March 2024.
- For the first meeting the Ministry for the Environment (MfE) has asked each sector to provide a one pager against a set of common headings outlining the direction of each chapter for the second emission reduction plan (ERP 2). Transport's draft one pager is attached in **Annex 1** for your consideration – this is due with MfE by the end of 18 March 2024.
- As signalled in the weekly report for the week ending 15 March 2024, we will provide you with a meeting briefing next week to support your attendance at CPMG where a wider range of issues will be discussed, including the development of ERP 2.

Recommendations

We recommend you:

- | | | |
|---|--|----------|
| 1 | Agree to provide any feedback on the attached one pager in Annex 1 at the MoT Officials meeting on Monday 18 March. | Yes / No |
| 2 | Approve the attached one pager for inclusion in the papers for the first Climate Priorities Ministerial Group meeting on 26 March 2024. | Yes / No |

Siobhan Routledge
Acting Deputy Chief Executive Policy
14 / 3 / 24

Hon Simeon Brown
Minister of Transport
..... / /

- Minister's office to complete:
- | | |
|--|---|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Seen by Minister | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events | |

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive, Policy	s 9(2)(a)	✓
Erin Wynne, Manager, Emissions Reduction Plan		

ANNEX 1 - TRANSPORT ERP 2 SLIDE FOR INCLUSION IN FIRST CLIMATE PRIORITIES MINISTERIAL GROUP

Transport emissions profile and objectives for the second emissions budget (EB2) period

- Transport is responsible for 18 percent of New Zealand's gross greenhouse gas emissions.
- s 9(2)(f)(iv)
- The transport sector is in a position to make an important contribution to achieving our emissions reduction goals. EB2 will be a crucial time to lay the groundwork for some of the transport sector's harder to abate sectors such as aviation and maritime.

Main opportunities for decarbonising the transport sector include:

- s 9(2)(f)(iv)
-
-
-

Main challenges for decarbonising the transport sector include:

- Market conditions, costs, timings, regulatory and technological barriers associated with transitioning to low and zero-emissions fleets.
- Costs and timing of delivery of new transport infrastructure and services.

Key initiatives/policies to be included in the ERP2 consultation for transport

- **Key Pillar:** s 9(2)(f)(iv)
- **Supporting Policy:** s 9(2)(f)(iv)

- **Supporting Policy:** § 9(2)(f)(iv) [REDACTED]
- **Supporting Policy:** § 9(2)(f)(iv) [REDACTED]

Any significant risks or issues still to be resolved § 9(2)(f)(iv) [REDACTED]

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20 March 2024

OC240255

Hon Simeon Brown
 Minister of Transport

CLIMATE PRIORITIES MINISTERIAL GROUP 25 MARCH 2024 MEETING

Snapshot

To support attendance at the first Climate Priorities Ministerial Group meeting on 25 March 2024. We understand that you will not be able to attend but that one of your officials and Audrey Sonerson will be in attendance.

Time and date	7:30pm – 9:00pm, 25 March 2024
Venue	Ministerial Meeting Room, Level 2 Executive Wing, Parliament Buildings
Attendees	<p>Rt Hon Christopher Luxon – Prime Minister Hon Simon Watts – Minister of Climate Change (Chair) Hon Nicola Willis – Minister of Finance; Associate Minister of Climate Change Hon Chris Bishop – Minister of Infrastructure, Minister Responsible for RMA Reform, Minister of Housing Hon Todd McClay – Minister of Agriculture, Minister of Forestry, Minister for Trade Rt Hon Winston Peters – Minister of Foreign Affairs Hon Mark Mitchell, Minister for Emergency Management and Recovery Hon Tama Potaka – Minister of Conservation, and Māori Crown Relations: Te Arawhiti Hon Penny Simmonds – Minister for the Environment Hon Shane Jones – Minister for Regional Development and Resources Hon Mark Patterson – Minister for Rural Communities</p>
Officials attending	TBC
Agenda	The draft agenda (as of 14 March 2024) is provided at Annex 3 .
Talking points	Suggested talking points are attached at Annex 1 .

Contacts

Name	Telephone	First contact
Erin Wynne, Manager, Emissions Reduction Plan Project Team	s 9(2)(a)	✓

CLIMATE PRIORITIES MINISTERIAL GROUP 25 MARCH 2024 MEETING

Key points

- Key agenda items for the first Climate Priorities Ministerial Group (CPMG) include:
 - (Agenda Item 1) Purpose and expectations for group and portfolio Ministers.
 - (Agenda Item 2) Domestic and international targets, goals and obligations for climate mitigation and adaptation.
 - (Agenda Item 3) Key decisions and directions for CPMG in 2024, including for international and domestic climate mitigation.
- A draft agenda (as of 14 March) is provided at **Annex 3**.
- Once we have received the papers for the meeting from the Ministry for the Environment, we will share these with your office.

Agenda Item 1 – The Rt Hon Christopher Luxon will attend the first CPMG to help set expectations for the group

- 1 Key topics of discussion will include noting the Ministerial and portfolio responsibilities that will contribute to successfully delivering the Government's climate change programme and agreeing to the terms of reference for the group (this will be included in the set of papers to be shared with your office).
- 2 It is expected that the group will meet quarterly, with out-of-cycle meetings occurring for specific deliverables if needed.
- 3 The Climate Change Chief Executives Board will provide support to CPMG in the form of providing collective advice, management of agendas, minutes and papers.

Agenda Item 2 – We have domestic and international targets, goals and obligations for climate mitigation and adaptation

- 4 Of note for this meeting include:
 - 4.1 Our international commitments and the first Nationally Determined Contribution (NDC1) that New Zealand has agreed under the Paris Agreement.
 - 4.2 The Climate Change Response Act targets and requirements for mitigation and adaptation. This includes domestic emissions budgets, and tracking towards those requirements to publish emissions reduction plans (ERP) and national adaptation plans (NAP).
 - 4.3 The increasing climate litigation, legal obligations with respect to targets, and good decision-making processes to manage risks of challenge.

- 4.4 The requirements for the second emissions reduction plan (ERP2) to be developed and published in 2024.
- 4.5 The Climate Change Commission's first monitoring and progress reports on the implementation and effectiveness of the Government's ERP (due in July 2024) and NAP (due in August 2024). The Government is required to provide a response to these reports.

Agenda Item 3 – This CPMG will include discussion on our international commitments, including NDC1, and the direction of consultation document for ERP2

International mitigation (Agenda Item 3.2)

s 9(2)(f)(iv)

5 As advised at the Ministry of Transport (the Ministry) officials' meeting on 18 March

s 9(2)(f)(iv)

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Domestic mitigation (Agenda Item 3.3)

As you know, public consultation on ERP2 is anticipated to occur in s 9(2)(f)(iv)

11 The draft agenda includes a recommendation to s 9(2)(f)(iv)

12 s 9(2)(f)(iv)

13 At the Ministry officials' meeting on 18 March 2024, you provided comment on the one pager outlining the direction of the transport chapter to be included in the CPMG

material (this is set out at **Annex 2**). s 9(2)(f)(iv)

- 14 It is expected that the Minister of Climate Change will take the ERP2 consultation document to Cabinet for approval on s 9(2)(f)(iv)

Climate adaptation (Agenda Item 3.4)

The meeting will also briefly cover the forward work programme for adaptation

15 s 9(2)(f)(iv)

16

- 17 As signalled previously [OC231127 refers] the Ministry supports this work but notes that there are resource constraints to contribute to this work within the Ministry given your other priorities.

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ANNEX 1: SUGGESTED TALKING POINTS

Agenda Item 3.2: International Mitigation

- s 9(2)(f)(iv) [Redacted]
- [Redacted]

Agenda Item 3.3 Domestic Mitigation

- s 9(2)(f)(iv) [Redacted]
- [Redacted]
- The key pillar in the transport chapter will be s 9(2)(f)(iv) [Redacted]
- s 9(2)(f)(iv) [Redacted]
- Supporting policies in the transport chapter will include:
 - s 9(2)(f)(iv) [Redacted]
 - [Redacted]
 - [Redacted]

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ANNEX 2: APPROVED TRANSPORT CONTENT FOR FIRST CABINET PRIORITIES MINISTERIAL GROUP

Transport emissions profile and objectives for the second emissions budget (EB2) period

- Transport is responsible for 18 percent of New Zealand's gross greenhouse gas emissions.

• s 9(2)(f)(iv)

- The transport sector is in a position to make an important contribution to achieving our emissions reduction goals. EB2 will be a crucial time to lay the groundwork for some of the transport sector's harder to abate sectors such as aviation and maritime.

Main opportunities for decarbonising the transport sector include:

• s 9(2)(f)(iv)

•

•

Main challenges for decarbonising the transport sector include:

- Market conditions, costs, timings regulatory and technological barriers associated with transitioning to low and zero-emissions fleets.
- Costs and timing of delivery of new transport infrastructure and services.

Key initiatives/policies to be included in the ERP2 consultation for transport

- **Key Pillar:** s 9(2)(f)(iv)

- **Supporting Policy:** s 9(2)(f)(iv)

- **Supporting Policy:** s 9(2)(f)(iv)

- **Supporting Policy:**

Any significant risks or issues still to be resolved (e.g., in terms of impact, Treaty implications, CCC advice) s 9(2)(f)(iv)

• s 9(2)(f)(iv)

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IN CONFIDENCE

**ANNEX 3: CLIMATE PRIORITIES MINISTERIAL GROUP MEETING
DRAFT AGENDA (AS OF 14 MARCH 2024)**

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IN CONFIDENCE

Climate Priorities Ministerial Group Meeting

DRAFT AGENDA

Date	25 March 2024	Time	7:30-9:00pm
Venue	TBC		
Attendees (tbc)	<p>Rt Hon Christopher Luxon – Prime Minister</p> <p><i>Core members</i></p> <p>Hon Simon Watts – Minister of Climate Change Hon Nicola Willis – Minister of Finance; Associate Minister of Climate Change Hon Chris Bishop – Minister of Infrastructure, Minister Responsible for RMA Reform, Minister of Housing Hon Simeon Brown – Minister for Energy, Minister of Transport, Minister of Local Government Hon Todd McClay – Minister of Agriculture, Minister of Forestry, Minister for Trade Rt Hon Winston Peters – Minister of Foreign Affairs</p> <p><i>High-interest members</i></p> <p>Hon Mark Mitchell, Minister for Emergency Management and Recovery Hon Tama Potaka, Minister of Conservation, and Maori Crown Relations: Te Arawhiti; Hon Penny Simmonds, Minister for the Environment; Hon Shane Jones, Minister for Regional Development and Resources; Hon Mark Patterson, Minister for Rural Communities.</p>		
Apologies			

Meeting open		
#	Time	Agenda Item
1	10 mins	<p>Purpose and expectations for group and portfolio ministers Lead speaker: Rt Hon Christopher Luxon / Hon Simon Watts</p>
	7:30-7:40pm	<p>Recommendations</p> <p>1.1 Note the Ministerial and portfolio responsibilities that will contribute to successfully delivering the government's climate change programme. 1.2 Agree the terms of reference for the Climate Priorities Ministerial Group.</p> <p>Supporting document:</p> <ul style="list-style-type: none"> Paper 1.1: Establishment of the Climate Priorities Ministerial Group (including terms of reference and RACI with ministerial responsibilities for climate change programme deliverables)
2	5 mins	<p>Domestic and international targets, goals and obligations for climate mitigation and adaptation Lead speaker: Hon Simon Watts</p>
	7:40-7:45pm	<p>Recommendations</p> <p>2.1 Note the international commitments and the first Nationally Determined Contribution (NDC1) that New Zealand has agreed under the Paris Agreement. 2.2 Note the Climate Change Response Act targets and requirements for mitigation and adaptation including, domestic emissions budgets, and tracking towards those and requirements to publish emissions reduction plans (ERP) and national adaptation plans (NAP). 2.3 Note increasing climate litigation, legal obligations with respect to targets, and good decision-making processes to manage risks of challenge. 2.4 Note the requirements for the second emissions reduction plan to be developed and published in 2024.</p>

		<p>2.5 Note the Climate Change Commission is due to produce its first monitoring and progress reports on the implementation and effectiveness of the Government’s ERP (due in July) and NAP (due in August). The Government is required to provide a response to these reports.</p> <p>Supporting document:</p> <ul style="list-style-type: none"> • Paper 2.1: Climate Change Response Act framework and requirements for climate mitigation and adaptation (A3)
3	70 mins	<p>Key decisions and directions for CPMG in 2024</p> <p>Lead speaker: Hon Simon Watts</p>
		<p>Recommendations</p> <p>3.1 Note the schedule of key decisions and directions that will be brought to CPMG through 2024, across:</p> <ul style="list-style-type: none"> • s 9(2)(f)(iv) • domestic mitigation (ERP2), and • adaptation s 9(2)(f)(iv) <p>7:45-8:30pm <i>International mitigation</i></p> <p>3.2 s 9(2)(f)(iv)</p> <p>8:30-8:45pm <i>Domestic mitigation</i></p> <p>3.3 s 9(2)(f)(iv)</p> <p>8:45-8:55pm <i>Climate adaptation</i></p> <p>3.4 s 9(2)(f)(iv)</p> <p>Supporting documents:</p> <ul style="list-style-type: none"> • Paper 3.1: CPMG key decisions and direction for 2024 • Paper 3.2: s 9(2)(f)(iv) • Paper 3.3: • Paper 3.4:
4	5 mins	<p>Any other business</p> <p>Lead speaker: Hon Simon Watts</p>
	8:55-9:00pm	<p>Recommendations</p> <p>4.1 Note the appended indicative forward agenda included below for the proposed June/July items.</p> <p>4.2 Note the summary of key findings from the March 2024 Quarterly Progress Report.</p> <p>Papers circulated for noting:</p> <ul style="list-style-type: none"> • Paper 4.1: Indicative forward agenda items for 2024 • Paper 4.2: Summary of key findings: Climate Change Chief Executives Board March 2024 progress report
<p>Meeting close</p> <p>Next meeting date: [X June] 2024</p>		



27 March 2024

Hon Matt Doocey

Associate Minister of Transport

AIDE MEMOIRE: UPCOMING PUBLICATION OF THE SOCIAL COSTS OF ROAD CRASHES AND INJURIES JUNE 2023 UPDATE

To: Hon Matt Doocey, Associate Minister of Transport

From: Paul O'Connell, Deputy Chief Executive, Sector Strategy

Date: 27 March 2024

OC Number: OC240238

Purpose

1. To notify you of our intention to publish the June 2023 update of the social cost of road crashes and injuries by 5 April 2024.

We have completed a routine annual update of the social cost of road crashes and injuries.

2. The social cost of road crashes and injuries measures the social, financial, and economic costs associated with road crashes.
3. We update and publish these annually to reflect the latest data and prices. They are primarily used in cost-benefit analyses (CBAs) to assess the impact of investments on road safety outcomes.
4. This year's annual update of the average social costs per road injury has increased by around 7% from June 2022. This largely reflects increases in average wages over the period.
5. We intend to publish this update on our website by **Friday 5 April 2024**, replacing the existing estimates on our website. The key risk of publication is users could misinterpret the estimates. We manage this with pre-existing guidance on our website.

Contacts

Name	Telephone	First contact
Joanne Leung, Chief Economist and Manager, Economics	s 9(2)(a)	✓
Kane Swift, Senior Economist, Economics		

UPDATING THE SOCIAL COSTS OF ROAD CRASHES AND INJURIES

How we estimate the social costs of road crashes and injuries.

1. The social cost of road crashes and injuries measures the social, financial, and economic costs associated with road crashes. These are used in CBAs and other economic analyses to assess how their interventions impact road safety.
2. The Value of Statistical Life (VOSL) is the main component of the social cost estimates. It is the amount society is willing to pay to reduce road fatalities by one. Although VOSL is intended to value loss of life/quality of life due to road crashes only, it has also been adopted in other non-transport applications (see the Appendix for more information on VOSL).
3. The social cost estimates also incorporate economic costs such as:
 - loss of output from injury
 - medical costs
 - legal system costs, and
 - vehicle damage.
4. The Ministry revises these components annually using updated data and prices. This ensures safety impacts and other costs (such as implementation costs) are assessed at the same price level.
5. The social cost estimates account for the estimated number of road crashes not reported to Police. This is done using claims data from Accident Compensation Corporation and hospital admissions data from the Ministry of Health.
6. There is at least a 12-month delay in making the estimates available due to a time lag in data collation, verification, and analysis processes.

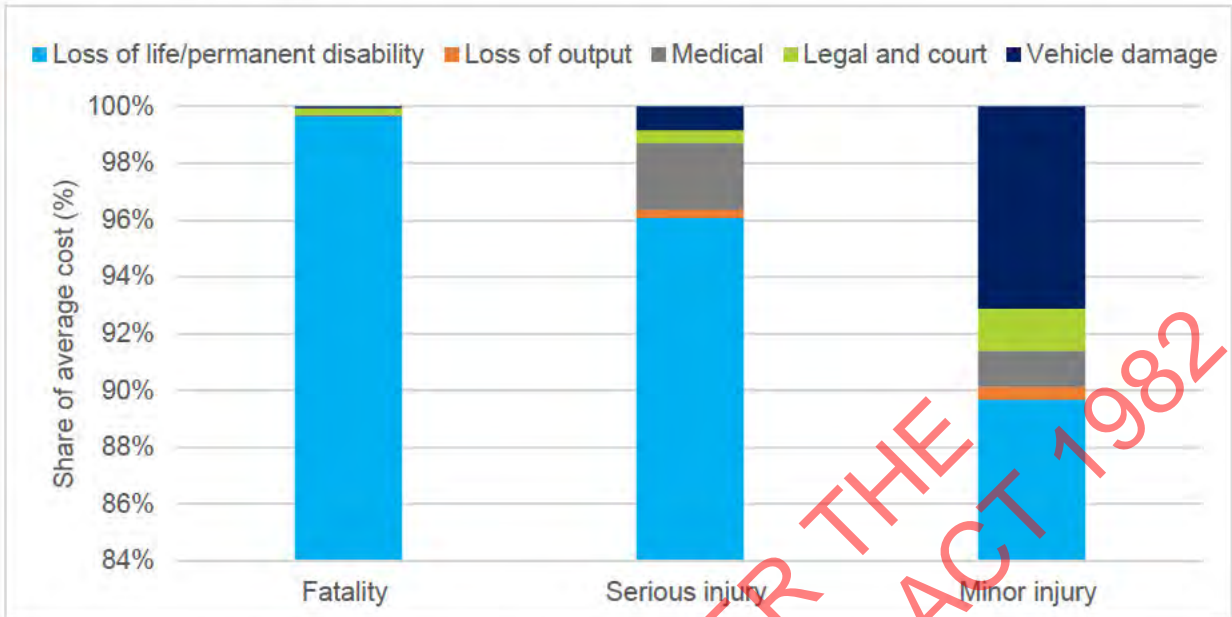
The average social cost of road crashes and injuries increased by about 7% between 2021 and 2022.

7. Table 1 shows the increase in average social costs per injury between the June 2022 update and June 2023 update. This increase is largely driven by a 7% increase in VOSL, reflecting growth in average wages over the period. As shown by *Figure 1*, loss of life is the largest component of social costs (about 99% for fatalities) so increases in the VOSL have the largest effect on overall social costs.

Table 1 *Changes in the average social cost per injury, by severity, from the previous update*

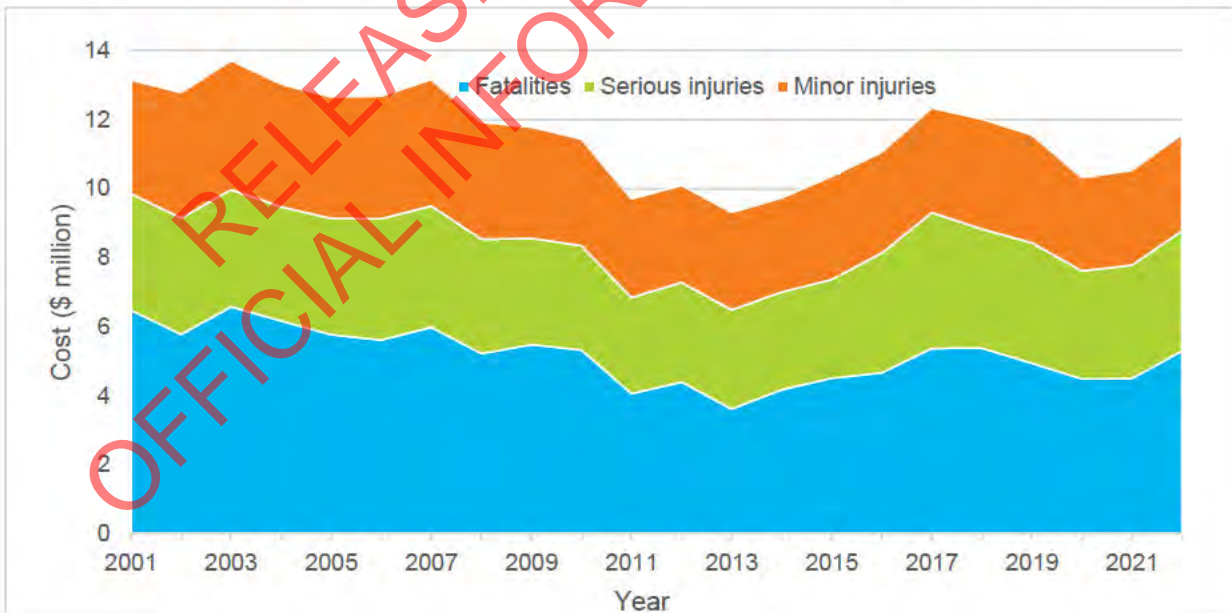
Severity	Average social cost per injury (in June 2023 prices)	Average social cost per injury (in June 2022 prices)	Percentage changes
Fatal	\$14,265,600	\$13,349,200	6.9%
Serious	\$769,400	\$720,900	6.7%
Minor	\$87,200	\$81,600	6.9%

Figure 1. Breakdown of the average social cost per injury, by component and severity (in June 2023 prices)



8. Figure 2 shows the total social cost of reported and estimated unreported injuries for each year in June 2023 prices. The estimated total social cost of injuries for 2022 (in June 2023 prices) is \$11.6 billion. This is a 10% increase from the 2021 total social cost of \$10.5 billion (in June 2023 prices). This increase was driven by the increases in the estimated total number of fatalities (18%) and serious injuries (4%) over that period.

Figure 2. Total social cost of reported injuries overtime (June 2023 prices)



There is strong stakeholder interest in the updates.

9. Central and local government departments, researchers, consultants, academics, media persons, and members of the public are interested in the update. The following are examples of the update being applicable in different contexts.
 - VOSL being an input for determining the values of other benefit parameters including the health costs of air pollution.
 - NZTA's *Monetised Benefits and Cost Manual*, which provides guidance and values for conducting transport appraisals. NZTA aims to publish their next Monetised Benefits and Costs Manual update between late March and early April.
 - Treasury's annual update for their CBAX tool (a publicly available tool that supports the conduction of simple CBAs). Their next update will take place in mid-late 2024.
 - Waikato Regional Council includes the estimated social cost of road crashes on Waikato roads in their annual reporting.
10. We receive queries and occasional Official Information Act requests about the estimation methods, advice on what the latest estimates are and how to apply the estimates under different circumstances. The most recent being a request from a Radio NZ journalist in the week ended 8 March 2024.
11. Given the level and frequency of public interests in this work, publishing the update would efficiently deal with related requests.

The main risk with these estimates is that they may be misused or misinterpreted.

12. The key risk with releasing these estimates is they are mis-used or misinterpreted by users. We mitigate this risk with published guidance on how to interpret and use the estimates. We also offer support to users on their interpretation and application of the data.
13. As this is a regular technical update; we believe the media risk is minimal.

Our next steps will be to publish the update in early April.

14. We plan to publish this update by **Friday 5 April 2024** and do not intend to announce or promote the publication.
15. If you are interested in releasing a statement about the updated estimates, we can work with your Office to establish the content of that statement, or to answer any queries you may receive.
16. We will discuss whether there is a need to review the guidelines and values for use in decision making with Treasury. Treasury also provide these estimates via their CBAX model, which presents the VOSL as a value for wider use beyond road safety.

APPENDIX

Updates to the willingness to pay values for road safety and travel times

1. In 2023, NZTA adopted values for VOSL and value of travel time (VOT) based on the results of a study that re-estimated their underlying willingness to pay, after consulting with the Ministry and Treasury. The VOSL for fatalities increased by 155%, the VOT for driving a car increased up to 191%, and the VOT for sitting in public transport increased up to 36%.
2. The Ministry and NZTA applied the new values to selected historic CBAs to test the implications for road safety and travel time impacts. While using the new values changed the monetised costs and benefits for each intervention, there were no cases where this was enough to change the economic viability of an intervention.

International approaches to valuing road safety

3. Approaches to valuing the costs of road safety vary significantly, which makes direct comparisons of VOSLs (or their equivalents) in other countries difficult. The factors behind it include:
 - differences in estimation method and design
 - prices, costs, and incomes that households face,
 - types and nature of the actual and perceived road safety risks, and
 - factors associated with culture and environment.
4. More work would be needed to better understand how NZ compares internationally. However, our initial observation is that NZ's current VOSL appears to be high by international standards.



27 March 2024

OC240291

Hon Simeon Brown

Action required by:

Minister of Transport

Tuesday, 2 April 2024

TRANSPORT CONTENT FOR THE SECOND EMISSIONS REDUCTION PLAN (ERP2) CONSULTATION DOCUMENT

Purpose

To seek your feedback on draft transport content for the second Emissions Reduction Plan (ERP2) consultation document.

Key points

- 1 The draft transport content for the ERP2 consultation document is due to the Ministry for the Environment (MfE) on 5 April 2024, for MfE to consolidate with other content and then proceed through the Cabinet process to allow for public consultation to s 9(2)(f)(iv)
- 2 Officials have developed the transport content based on the Government's manifesto commitments, discussions with you, and using the consultation document structure designed by MfE.
- 3 On 19 February you indicated that s 9(2)(f)(iv) would form a supporting pillar of ERP2. Following your 18 March 2024 meeting with officials, we propose s 9(2)(f)(iv)

Exploratory Content Highlighted

- 4 We have highlighted areas (in yellow) where new material has been introduced for your particular consideration and feedback.
- 5 s 9(2)(f)(iv)

6



7

8

9 Following your feedback on the draft chapter, we will finalise the content to send to MfE. We will continue working with MBIE colleagues to align and cross-reference our ERP2 content s 9(2)(f)(iv)

10 Officials will be available to discuss any feedback you have at the officials' meeting on 2 April 2024.

11 We expect that there will be other opportunities over early to mid April to continue to refine the content, particularly as MfE pulls together the content across all sectors.

Recommendations

We recommend you:

1 **provide** feedback on the chapter on 2 April 2024.

Yes / No

Yes / No

Siobhan Routledge
Acting Deputy Chief Executive Policy

27 / 3... / 24..

Hon Simeon Brown
Minister of Transport

..... / /

Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive Policy	s 9(2)(a)	✓
Erin Wynne, Manager, Emissions Reduction Plan 2 Development		
Sydney Van Nortwick, Advisor, Emissions Reduction Plan 2 Development		

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ANNEX 1

Draft transport chapter for ERP2 consultation document.

The annex is withheld in full under Section 9(2)(f)(iv)

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Hon Simeon Brown

Minister of Transport

Hon Matt Doocey

Associate Minister of Transport

AIDE MEMOIRE: OIL POLLUTION LEVY OPTIONS

To: Hon Matt Doocey (Associate Minister of Transport)

Hon Simeon Brown (Minister of Transport)

From: Richard Cross (Director)

Date: 28 March 2024

OC Number: OC240327

Summary/Purpose

- 1 To provide you with options for addressing ^{s 9(2)(f)(iv)} [REDACTED] in relation to the proposed increase in Oil Pollution Levy (OPL) to OMV.

Background

- 2 Maritime NZ is undertaking a funding review to return it to a financially sustainable position, following a significant decline in third-party revenue due to COVID-19. Consultation on proposed changes to the Maritime Levy and OPL occurred between 19 July and 16 August 2023. The proposals were largely supported by submitters.
- 3 Two of the eight proposals in the consultation document relate to the OPL. The first involves a proposed change to the methodology for calculating such levies and the second relates to a proposed increase in total OPL revenue. Maritime NZ seeks an average 8.8% increase in OPL revenue from 2024/25 (equal to \$800,000 per annum).

4 ^{s 9(2)(f)(iv)} [REDACTED]

5 [REDACTED]

Options

6 Maritime NZ has identified five options. It's advice is attached as Annex A. The five options suggested by Maritime NZ are:

- a. Proceed with the proposed new methodology (as presented to Cabinet)
- b. Retain the pre-existing OPL methodology
- c. Proceed with the proposed new methodology, but phase in the OMV increase (over two or three years) or cap the increase at a level Ministers consider more reasonable
- d. Proceed with the new methodology, but exempt OMV or retain current OPL charge of \$858 per annum
- e. Develop a new OPL methodology.

7 Maritime NZ recommends options 'c' or 'd' above "...if Ministers are seeking a way to proceed whilst reducing the impact on OMV..."

8 These five options (referred to as options a – e) are discussed below.

9 Option 'a' ^{s 9(2)(f)(iv)} [REDACTED]

10 Under option 'b', the liability for OMV would be significantly lower than under the current proposal (around \$933 per annum). However, this option would be opposed by many submitters as it would spread OPL costs across the board for domestic operators, compared to the revised methodology. This option would require another consultation round, which would compromise the planned implementation date of 1 July 2024, potentially resulting in a need for further Crown funding.

11 Option 'c' involves proceeding with the new methodology, but either phasing the increase in over time or capping the increase to a more reasonable level.

12 While a phased approach would ultimately result in OMV paying \$82,055 per annum, the increase would occur gradually over time. For example, a two-year transition could see an increase in OPL liability from \$859 in 2023/24 to \$41,457 in 2024/25 and \$82,055 in 2025/26.

13 Alternatively, option 'c' entails capping the OMV increase with reference to the second highest proposed increase. This option is a compromise between the two extremes outlined in options 'a' and 'd' above, which entail OPL liabilities of \$859 and \$82,055 per annum. ^{s 9(2)(g)(i)} [REDACTED]

[REDACTED] but partially preserves the principle of the levy which is to allocate costs to those who impose the greatest risks to the system.

14 The second highest proposed increase in OPL relates to foreign passenger and cargo ships, harbour tugs and oil tanker bunker fuel, all of which face a 387 percent increase. If this increase is applied to OMV, its OPL liability would increase to \$4,183 per annum (i.e. five percent of the proposed OMV liability of \$82,055). It may be more appropriate to double this figure (to \$8,367 per annum) given how low it's in absolute

and relative terms, but it's helpful to use the second highest increase as a reference point.

- 15 Option 'd' involves proceeding with the new methodology but exempting OMV from any OPL or increase. This would result in a shortfall in OPL revenue of at least \$81,196 per annum (i.e. \$82,055 minus \$859), which equates to a 10% decline in the proposed total average increase in OPL revenue. This may have implications on Maritime NZ's ability to deliver the Marine Oil Spill Readiness and Response Strategy. Exempting OMV from the new methodology entirely would also be difficult to justify from an equity perspective and could set a precedent for other exemptions being sought.
- 16 Option 'e' entails developing a new OPL calculation methodology. This would take months to complete, and it would then need to be consulted on. This would push the implementation date well beyond 1 July 2024, and increase the risk that the Crown will need to provide financial support during 2024/25. Because of the delays inherent in this option, the Ministry does not recommend considering it at this stage.

Risks

- 17 There are risks associated with all the options outlined above. Time constraints have limited the Ministry's ability to spell these risks out in detail.
- 18 However, the options which entail significant additional work (including consultation) increase the risk that the review will not be completed by 30 June 2024, and therefore the risk that Maritime NZ will seek Crown financial support for 2024/25. The Ministry has not been provided with the level of cash reserves Maritime NZ will have available on 30 June 2024, and the extent to which it could call on any unused Crown liquidity facility beyond 30 June 2024.

Recommendations

- 19 The Ministry recommends option 'c' and capping the OMV increase with reference to the second highest proposed increase. We recommend setting this to, at a minimum, twice the percentage increase faced by any other operator (\$8,367 per annum), reflecting that OMV contributes a greater share of the risk than other operators. We consider this to be the most equitable solution of those that can be implemented quickly (thus avoiding the need for additional Crown funding).

Contacts

Name	Telephone	First contact
Richard Cross (Director)	s 9(2)(a)	✓
Chris Jones (Principal Adviser, Crown Entity Monitoring)		

Annex A: Maritime NZ Advice on OPL Options

Background

- The Oil Pollution Levy (OPL) pays for capabilities, equipment and assets to be able to undertake initial response to an oil pollution event and to maintain contracts to enable international parties to come in to support if that event is significant and needs large clean up. The capabilities have been built over many years since the Rena incident and been paid for by the sector. The levy is paid by a broad range of international and domestic operators of various sizes.
- An Oil Pollution Advisory Committee (OPAC), appointed by Cabinet, and made up of many parties with an interest, including the oil and gas sector, look after the levy, strategy and plan for oil pollution response.
- The distribution of the OPL to different operators is based on the application of a methodology. This ensures that it is applied in a fair and transparent way that reflects risk.
- The current methodology for the OPL is based on use of a complex model (MOSRA) to allocate a weighted share of risk of marine oil spills to each sector of the maritime industry based on, amongst other things, the history of vessel movements, the risk of coastline damage and the ocean currents. This model was complex, inherently uncertain and no longer fit for purpose; as it no longer reflects the changing mix of oil that is transported around our coasts given the closure of Marsden Point.
- OPAC were presented with a number of options for the methodology going forward, broadly:
 - a) maintaining the existing methodology, which OPAC agreed was confusing, costly and not fit for purpose.
 - b) progressing with a simpler methodology that more closely reflected the Maritime Levy approach. This approach is modelled on the capacity to store or carry oil by operators and therefore potential risk and size of response if an event occurs. Each operators levy therefore varies, depending on the amount of oil able to be carried, or as in the case of OMV stored. This is why the OMV levy is high given the amount of potential fuel it produces and stores whereas a smaller operator will be lower.
 - c) a 'halfway house' with various minor sub-options for changes to the existing complex model; the most feasible sub-option being the removal of the distinction between persistent and non-persistent oil (which would have made the result slightly simpler and more certain, but much less fair in its allocation of risk). Whilst we know the impacts of the model in broad terms, we have not modelled this in detail given OPAC chose option b). It would take some time to update and run the model to generate detailed levy rates for all participants.
- Members of OPAC supported an increase in the levy on the condition that option b), the simpler methodology, was chosen. This was on the basis that it reflected the fairest approach that best reflected risk.
- This methodology was then the one consulted on and the large majority of submitters also agreed with it. While one methodology was proposed in the discussion document, the range of options and models were made available to submitters as part of the consultation in an appendix. Only two submitters asked for a different model, one of which was OMV whose comments indicated that they preferred something closer to the

status quo. We do not understand why when the Oil and Gas sector is represented on OPAC, OMV's issues were not raised there.

- The impact of the new methodology is, in general:
 - the OPL rates for large numbers of domestic vessel operators went down. So, for example, a multi-vessel fishing company is likely to see reductions of \$5,800 per annum in OPL; an Inter-islander ferry operator will see decreases of \$96,700 per annum in OPL. In many cases the OPL levy reductions offset to a degree the maritime levy increases for domestic operators.
 - the OPL rates for internationally-travelling vessels and oil and gas installations (FPSOs) went up. This includes the OPL rate for OMV's FPSO Raroa, which will see increases of \$81,000 per annum in OPL back to where it was at the prior funding review.
- Whilst we have not modelled it in detail, we would expect these distributional impacts to apply in the same way in the comparison between the new methodology and any 'halfway house' option: domestic operators would face lower costs under the new methodology, compared to the halfway house; and internationally-travelling vessels / oil and gas installations would face higher costs under the new methodology, compared to the halfway house.

Options:

- Broadly speaking, if the focus is the impact of the OPL rate on OMV, the options for Ministers are as follows:
 - **Option 1: proceed with the proposed new methodology as proposed.** This has the support of OPAC and the large majority of submitters. It will mean increased OPL costs for OMV and some other international operators; but decreased OPL costs for large numbers of domestic vessel operators.
 - **Option 2: retain the existing methodology.** This would be opposed by the majority of submitters. It will mean significantly increased OPL costs across the board for domestic operators vs what was proposed, which will meet with strong opposition by large numbers of domestic operators.
 - **Option 3: proceed with the new methodology but phase in the increase for OMV (over say, 3 years) or cap the increase at a level Ministers consider more reasonable for OMV.** This enables domestic operators to benefit from decreased OPL costs, at the cost of a small shortfall in the Oil Pollution Fund. Given the model is based on the potential amount of oil carried, or stored, and the risk this provides, rather than simply developing or choosing levy band steps, there is not an obvious basis for another number for OMV. Phasing the increase in or coming up with something less that does not relate to the potential oil they hold and move will be seen as inconsistent with the application of the model and is likely to be subject to risk of Regulations Review Committee review. To minimise the risk, there would need to be a transparent justification given for applying the model in a different way. This could be the Government's aspirations for the oil and gas sector or for Cabinet to say that given the size of the levy increase phasing it in over time or capping it is appropriate.
 - **Option 4: proceed with the new methodology, but retain OMV at their current OPL rate of \$858 or simply exempt them.** This enables domestic operators to benefit from decreased OPL costs, at the cost of a small shortfall of \$81,000 in the Oil Pollution Fund. Again, the government would need to justify special treatment of OMV based on its aspirations around the oil and gas sector; to minimise the risk of Regulations Review Committee review

- **Option 5: re-consult on a different methodology option (such as a version of the ‘halfway house’).** This will have a significant number of issues:
 - Given that the implications of a different methodology and different levy numbers on large numbers of operators in the sector and the need to reflect the legally required advice from OPAC, it would not be possible to simply choose an alternative methodology and apply it. A further consultation would be required. This would mean that new levy rates by 1 July definitely could not be achieved.
 - There is currently a shortfall in the levy revenue to deliver oil response readiness. This is being plugged at the moment by Crown funding through a multi-year appropriation. Delaying the review would mean oil pollution readiness would remain dependent on Crown funding for longer, and the planned multi-year appropriation of \$14m would not be returned to the Crown. Or Maritime NZ would need to make up the difference or cut oil response assets and capabilities. Maritime NZ is already implementing reductions in Crown funding through baseline review; and the levy take originally modelled for the levy review 18 months ago for 2024/25 is predicted to be significantly lower as Cruise schedules released this week for 2024/25 are 17% down and cargo movements are also down and predicted to be down for a while by Treasury. This means Maritime NZ is already looking to have to use reserves and make more savings to address lower levy revenue. We would not be able to address the levy gap whilst we re-consult; but would need to start to remove some of the capabilities which have been built and funded by the sector, which will cost more to build back and result in criticism.
 - The sector will wonder why we are consulting again after they have already given their views and proposing a different levy methodology is unlikely to get a different response from submitters (domestic operators will still want the current proposed model and OMV might be slightly happier but still want the status quo). More than that if at 1 July the Maritime levy comes in, and the Oil Pollution response does not, the domestic operators will be paying more and they will know this as many submitters through the calculator provided as part of consultation will have calculated their levy amount by looking at both levies together. For example, an interisland ferry operator will face an increase of \$112,800 in Maritime Levies but this is offset by a decrease of \$96,700 in OPL under the proposed methodology; a multi-vessel fishing company will face an increase in \$31,600 in Maritime Levies, but this is offset by a decrease of \$5,600 in OPL under the proposed methodology.
 - While the halfway house provides some model variations there are only two key methodology options: the previous one (based on a complex model) and the new proposal. While the model variations might slightly reduce OMVs levy it will likely still be a significant increase for them (because of the changes in the flow of oil around NZ's coasts), whilst also having negative impacts on domestic vessel operators. Variations would simply generate slightly different distributions of costs between domestic and oil and gas / international operators; so are unlikely to present Ministers with significantly different choices. In every option there will be winners and losers. The option proposed, while impacting OMV, had more individual winners than losers.
- We were asked whether the methodology could be phased in. A methodology can't be phased in, as you can't have two methodologies operating at the same time. Changing the date for when the methodology comes in would be feasible if the Crown continued to fund the current shortfall in the levy; given the levy pays for current fixed costs in relation

to equipment, assets, capabilities and contracts. If the methodology came in later and there was not interim Crown funding, then as above we would have to remove capabilities and assets the sector has paid for over many years; which would also be met with concern and criticism.

Recommendation:

- On balance, if Ministers are seeking a way to proceed whilst reducing the impact on OMV, we would recommend **Option 3 or 4**; noting the residual risks.
- Please note that there is a time imperative in this. If approximately \$14m in the current Crown multi-year is to be returned to Government on 1 July as planned, the Oil Pollution Levy and Maritime Levy changes need to be agreed as a matter of urgency, so the regulations can be drafted, put through the Cabinet Legislation Committee to be in place by 1 July 2024.

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28 March 2024

OC240283

Hon Simeon Brown
Minister of Transport

NEW ZEALAND INITIATIVE CONFERENCE SPEECH 2024

Snapshot

You are attending a conference held by the New Zealand Initiative on Thursday 4 April 2024.

You have agreed to provide a 10–15-minute speech at the conference that will highlight key challenges and issues associated with the need for new infrastructure, the introduction of road user charges (RUC) for all vehicles, and the ongoing electrification of the vehicle fleet.

Following the speech, there will be a 30-minute Q&A session. This will be shared with a co-presenter.

Time and date	10:30-11:30 am, Thursday 4 April	
Venue	Millhouse Conference Centre (MCC) Millbrook Resort, 1124 Malaghans Road, Arrowtown 0800 800 604	
Attendees	Oliver Hartwich, Executive Director, New Zealand Initiative Neeraj Lala, CEO, Toyota New Zealand	
Officials attending	N/A	
Agenda		
Talking points	Annex 1	
Contacts		
Name	Telephone	First contact
Matt Skinner, Manager, Revenue, Ministry of Transport	s 9(2)(a)	✓

New Zealand Initiative Conference Speech 2024

Key points

- The New Zealand Initiative (the Initiative) is holding a retreat with the purpose of offering an opportunity for dialogue, networking, and to share ideas that will shape the future of New Zealand's transport system.
- As with your previous meeting with them (on 29 February 2024, OC240150 refers), the Initiative would like you to speak about the Government's transport policies.
- These policies include the electrification of the new vehicle fleet, the Clean Car Standard, electric vehicle charging infrastructure, and RUC.
- The Initiative has supported the transition of electric vehicles to RUC, and distance-based charging for drivers.
- Toyota New Zealand's Chief Executive Officer, Neeraj Lala will be in attendance and speaking at this conference. Toyota New Zealand supports the Clean Car Standard and is meeting current CO2 targets but has made some public statements about reducing the ambition the short-term targets

Electrification of the vehicle fleet

- 1 Electrification is seen primary means to decarbonise the transport system. The Government intends to provide more low emission transport options to support its climate change goals.
 - 1.1 More zero and low emission alternative light vehicles are becoming readily available today, with the main exception to this being utes.
 - 1.2 You have indicated the limited role of electrification for aviation and marine uses. It has been suggested that electrification in these sectors will be best suited for smaller crafts and for shorter routes.
- 2 Electrification of the vehicle fleet also extends to buses and trucks. These are now widely available for purchase but do have a large price premium.

Clean Car Standard

- 3 You have asked officials to progress with the review of the Clean Car Standard (CCS) CO2 targets. Officials are currently engaging with members of the vehicle industry regarding the scope and the timing of this review.
- 4 Chief Executive Officer (CEO) of Toyota New Zealand, Neeraj Lala, will be speaking in this session. Toyota only began selling full electric vehicles in recent months. Despite this, Toyota has exceeded the CCS targets to date due to its number of hybrid vehicles.

- 5 Toyota has made several public statements regarding the CCS:
 - 5.1 The view that that targets are achievable, but more time is necessary to reach them.
 - 5.2 The intention to transfer a portion of its \$28 million of CCS credits to help Suzuki meet its CCS targets.
 - 5.3 An interest in cashing in some of the remaining credits for purposes that are currently not permitted by the scheme. For example, subsidising building electric vehicle charging stations.

Electric vehicle charging infrastructure

- 6 The Government's *Supercharging EV Infrastructure* work programme is ongoing. You have outlined the following as priority areas:
 - 6.1 Formalising cross-government working arrangements in a task force to take a coordinated approach to policy advice and implementation
 - 6.2 Progressing work on regulatory barriers to investment in charging infrastructure through the *Electrify NZ* work programme.
 - 6.3 Scoping the cost-benefit analysis with final analysis to be completed in November 2024.

Transport revenue system reform

- 7 The Initiative supports the RUC transition, with some of their research work focusing on distance-based charging to manage congestion.
- 8 The aim of the RUC system is to recover revenue in proportion to cost generated by each vehicle using the roading network. RUC rates are based on vehicle weight and configuration, rather than fuel source. We have agreed to progress with a fleet-wide transition to RUC for all road users.
- 9 The Initiative has an interest in more use of tolling. The main current constraint is the high operating costs, which comprise more than 30 percent of the total revenue collected from current toll roads. You have asked the Ministry to review tolling settings to reduce cost, which could enable tolling to be used more generally. NZTA is exploring options to make tolling for Penlink more cost effective, including reviewing the costs of overhead gantries and costs of operating the back office, and will report back soon.
- 10 The Ministry is looking into time of use charging legislation, which you have indicated that that you would to be passed this year. The key

Biographies



Neeraj Lala, CEO, Toyota, New Zealand

Neeraj has worked for Toyota since 1998, and was appointed CEO of Toyota New Zealand in 2020. He was recently announced as a Co-Chair for the BusinessNZ's Major Companies Groups (MCG) CEO forum.

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Annex 1: Talking points to support the Q&A session

NEW ZEALAND INITIATIVE CONFERENCE SPEECH 2024

Electrification of the vehicle fleet:

- Decarbonisation of the transport sector will be driven by electrification of the vehicle fleet.
- The electrification of the vehicle fleet brings a range of benefits including reduced fuel and vehicle maintenance costs, and health benefits from cleaner air.
- Electrification enables us to benefit from New Zealand's large proportion of renewably generated electricity.
- To maximise the benefits from the electrification of the vehicle fleet, we need to ensure the continued supply of low-emission vehicles, and ensure the infrastructure is in place for their use.

Clean Car Standard:

- We are retaining the Clean Car Standard to ensure New Zealand continues to receive sufficient volumes of low and zero emission vehicles.
- It is critical the Standard's targets strike the right balance. It needs to be stringent enough to incentivise the supply of efficient vehicles but not so stringent that requirements cannot be met.
- I have initiated a review of the Standard's targets and instructed officials to engage closely with the vehicle industry
- I expect to make decisions on the review and implement any changes before the end of this year, so they can take effect in 2025.

Electric vehicle charging infrastructure:

- We need to ensure we have the infrastructure in place to keep pace with EV demand and give New Zealanders the confidence to move to EVs.
- We have set out our commitment to deliver a network of 10,000 public EV chargers by 2030. This commitment will be subject to a rigorous cost-benefit analysis.
- The EV market is rapidly maturing but the business case for public EV charging remains challenging in the near term while EV numbers remain relatively low.
- One of my priorities is to break down regulatory barriers to private investment in EV charging infrastructure – such as the costs and processes for resource consents, and new connection to the electricity grid.

Transport revenue system

- The current transport revenue system where we collect revenue from both fuel excise duty and road user charges, is outdated, and is becoming less fair for different road users. For example, based on distance travelled, a hybrid vehicle user may contribute less than half of what someone in a less fuel-efficient vehicle does.
- RUC rates are based on the vehicle's weight and configuration rather than its fuel efficiency. The aim of this system is to recover revenue in proportion to the cost generated by each vehicle on the roading network.
- Electric vehicles use the roading network like any other vehicle and should, therefore, pay for its maintenance and operations like everyone else.
- As of 1 April 2024, subject to a two-month transition period, electric vehicles are now subject to the light RUC rate of \$76 per 1,000 kilometres. This will generate an additional \$100–\$140 million in revenue for the National Land Transport Fund per year.
- Including all vehicles in the RUC system will create a much fairer charging system for all road users. The inclusion of electric vehicles is the first step in this process. As set out in the Government Policy Statement on land transport, officials will be reporting to me in the middle of this year with advice on how we can undertake this transition.
- I have announced that tolling settings and legislation will soon come under review. I want all new roads to be tolled to ensure they at least cover their own maintenance costs.
- Time of use charging legislation is being developed at pace working with Auckland. I expect to introduce legislation in the coming months, and it will be up to Auckland to get a scheme in place once the legislative framework is in place.

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