

OC240856

30 August 2024

Tēnā koe [REDACTED]

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

- *“Brown OC240520 4/06/2024 Options for Electric Vehicle Charging CoInvestment Model*
- *Luxon, cc Brown, Doocey, Christine Stevenson OC240394 5/06/2024 Maritime Security Core Issue Brief to Minister National Security and Intelligence*
- *Brown OC240548 6/06/2024 Meeting with New Zealand Aviation Federation*
- *Brown OC240537 7/06/2024 Exemptions and Appeals in Civil Aviation*
- *Brown OC240610 7/06/2024 Aide Memoire: Texel Air*
- *Brown OC240621 11/06/2024 Chatham Islands Livestock Vessel Financial Recommendations*
- *Brown OC240681 21/06/2024 ERP2 Cabinet paper and Discussion Document Briefing*
- *Brown OC240547 20/06/2024 Cook Strait Resilience Phase Two Report: Options Assessment*
- *Brown OC240505 19/06/2024 Lower North Island Rail Integrated Mobility Programme Funding Package*
- *Brown OC240612 19/06/2024 Three-Monthly Catch Up with Key Road Transport Industry Bodies*
- *Brown OC240719 26/06/2024 Meeting with Centreport*
- *Brown OC240650 24/06/2024 NZTA Performance: Quarter Three Report for 2023/24”*

On 16 August 2024, we advised you of an extension to the time period for responding to your request. The extension was due to consultations necessary to make a decision on your request being such that a proper response could not reasonably be made within the original time limit. We have now completed the necessary consultations.

Of the 12 briefings requested, nine are released with some information withheld or refused, one is withheld in full and two are refused.

The document schedule at Annex 1 details how the briefings have been treated. The following sections of the Act have been used:

- 6(a) as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government

- 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)(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)(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's 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	OC240520	Options for Electric Vehicle Charging CoInvestment Model	Withheld in full under section 9(2)(f)(iv).
2	OC240394	Maritime Security Core Issue Brief to Minister National Security and Intelligence	Released with some information withheld under sections 6(a), 9(2)(a), 9(2)(f)(iv) and 9(2)(i).
3	OC240548	Meeting with New Zealand Aviation Federation	Released with some information withheld under section 9(2)(a).
4	OC240537	Exemptions and Appeals in Civil Aviation	Released with some information withheld under section 9(2)(a).
5	OC240610	Aide Memoire: Texel Air	Released with some information withheld under sections 9(2)(a), 9(2)(b)(ii), 9(2)(f)(iv) and 9(2)(g)(i).
6	OC240621	Chatham Islands Livestock Vessel Financial Recommendations	Released with some information withheld under section 9(2)(b)(ii).
7	OC240681	ERP2 Cabinet paper and Discussion Document Briefing	Refused under section 18(d). When published, this briefing will be available on the Ministry's website: https://www.transport.govt.nz/
8	OC240547	Cook Strait Resilience Phase Two Report: Options Assessment	Refused under section 18(d). When published, this briefing will be available on the Ministry's website: https://www.transport.govt.nz/
9	OC240505	Lower North Island Rail Integrated Mobility Programme Funding Package	Released with some information withheld under sections 9(2)(a) and 9(2)(b)(ii). Annex 2 is refused under section 18(d) and is available here: https://www.gw.govt.nz/assets/Documents/2024/08/Response-to-Minister-of-Transport-7-June-2024-Redacted.pdf
10	OC240612	Three-Monthly Catch Up with Key Road Transport Industry Bodies Briefing	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
11	OC240719	Meeting with Centreport	Released with some information withheld under sections 9(2)(a), 9(2)(b)(ii) and 9(2)(f)(iv).
12	OC240650	NZA Performance: Quarter Three Report for 2023/24	Released with some information withheld under sections 9(2)(a), 9(2)(b)(ii) and 9(2)(i).

28 May 2024

Rt Hon Christopher Luxon

Minister for National Security and Intelligence

cc Hon Simeon Brown

Minister of Transport

Hon Matt Doocey

Associate Minister of Transport

Christine Stevenson

Chief Executive and Comptroller, New Zealand Customs Service

MARITIME SECURITY CORE ISSUE BRIEF TO MINISTER NATIONAL SECURITY AND INTELLIGENCE

Purpose

Brief you on the key sector priorities under the Maritime Security core issue.

Key Points

- The Maritime Security Strategy sets expectations for a sector that works together to counter growing challenges
- s 6(a)
- The sector is proposing legislative and policy reforms to support maritime security agencies' ability to manage these threats.
- Budget 24 has funded the sector's System investment priority addressing a longstanding capability gap in the detection of maritime threats.
- The sector's focus is now shifting to its Tools investment (surveillance and response capabilities), including innovating at speed with partners to overcome capability gaps.

Recommendations

We recommend you:

1 s 9(2)(f)(iv) Yes / No

2 **note** that the sector is making a case for legislative reform to help close capability gaps.



Audrey Sonerson
**Secretary for Transport and Chair
Maritime Security Oversight Committee**
28 / 05 / 2024

Rt Hon Christopher Luxon
**Minister for National Security and
Intelligence**
..... / /

- 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
Audrey Sonerson, Secretary for Transport and Chair Maritime Security Oversight Committee	s 9(2)(a)	✓
Gavin Birrell, National Strategic Coordinator for Maritime Security		
Josh Bullivant, Policy Lead Maritime Security		

Background

- 1 New Zealand is an island nation, and the sea is important culturally to New Zealanders, holding a central place in the history of our arrival here, our way of life and sense of identity. As a trading nation with a significant maritime economy, New Zealand is reliant on the connectivity the sea provides; with 99 percent of our freight carried by sea and 99 percent of our international internet traffic travelling by cable, our prosperity depends on effective maritime security. Our maritime area covers 1/12th of the globe's surface (depicted in Annex A), making this a significant challenge.
- 2 The Maritime Security Strategy (the Strategy; see summary in Annex B) was developed in 2019 in response to that challenge. It articulates how New Zealand delivers maritime security through the right people, capabilities, processes, policies, systems, and laws to prevent and reduce harm from threats. The Maritime Security Oversight Committee (the Committee) is responsible for implementing the Strategy and ensuring the system is convened and working effectively together.

We have refreshed the Strategy

- 3 The Committee has recently refreshed the Strategy in-house to align with the new National Security Strategy. It aims to deliver a common approach, coordinated investment and effective resource prioritisation to deliver a whole greater than the sum of its parts. The International Maritime Organisation has adopted the Strategy as a global exemplar for whole-of-government maritime security.

s 6(a)

The sector works across the national security system

- 5 Due to the breadth of key threats, risks, and issues affecting maritime security, there is overlap with all national security core issues, but particularly with Transnational Organised Crime, Border Security, and Pacific Resilience and Security. s 6(a)

The sector has policy and legislative reform underway

- 6 To deliver the Strategy's *right policies, systems, and laws*, the sector is working to fill policy and legislation gaps. Specifically:

s 6(a)

- 6.1 *Radio frequency review:* Radio frequency (RF) is a particularly useful technology for surveillance because it is inexpensive and commonly used by mariners. ^{s 9(2)(f)(iv)}

- 6.2 *Maritime review:* The Ministry of Transport and Maritime New Zealand are working together to improve maritime legislation by seeking approval from the Associate Minister of Transport to undertake targeted amendments to the Maritime Transport and Maritime Security Acts. Approval to undertake the amendments would improve our ability to deliver security outcomes. ^{s 9(2)(f)(iv)}

Amending legislation will allow us to be more efficient and cost effective in meeting our search and rescue obligations for these vessels, as well as providing benefits for the wider regulatory system including border security.

Engaging with overseas partners

- 7 With maritime threats emanating beyond New Zealand's borders, engaging with maritime security partners is critical to the Strategy. Whilst the focus of our engagement remains the Five Eyes because of our access to their intelligence feeds, advice and capabilities, engagement with the Pacific is rapidly becoming an area of focus. This cooperation supports efforts to take appropriate action before threats can impact New Zealand.

Engaging with New Zealanders

- 8 To support the National Security Strategy's priority *Working Together*, which recognises the importance of the public contributing to national security, the sector engages with the New Zealand public. This occurs through single-agency engagement programmes and sector-wide activity. That activity includes the publication of the Guide to New Zealand's Maritime Security Arrangements⁴ this year, and the triennial Maritime Security Symposium (13 June).

Measuring Strategy Implementation

- 9 To support accountability, we are measuring the Strategy's implementation, as depicted at Annex D. ^{s 6(a)}

The Maritime Security Strategy in action

- 10 The Strategy identified three investments. The **People** investment was funded by Budget 23, so we now have a three-person secretariat⁵ based at the Ministry of Transport and a ten-person⁶ National Maritime Coordination Centre⁷ based at Headquarters Joint Forces New Zealand in Trentham.
- 11 Budget 24 funded the **Systems** investment to improve our maritime domain awareness through Starboard, a world-leading application. Created for the New Zealand context with

^{s 6(a)}

⁴ Available here: <https://www.transport.govt.nz/assets/Uploads/Guide-to-NZ-Maritime-Security-Arrangements.pdf>

⁵ Provides the National Strategic Coordinator, governance support, implementation of the Strategy and policy development.

⁶ Plus a further two FTE funded through Budget 2023.

⁷ Responsible for provision of All-of-Government Maritime Domain Awareness and coordination of capabilities.

maritime security agencies, it harnesses machine learning and artificial intelligence to compensate for limited numbers of people. This system will help achieve the key outcomes under the Strategy's *Understand* pillar: understanding of our extensive maritime area, ensuring that New Zealand agencies are well placed to prevent or respond to threats that could impact our security.

- 12 At the same time, we have renegotiated the All of Government contract with Kordia (a New Zealand State-Owned Enterprise) for the coastal receivers that detect the globally mandated Automatic Identification System which provides accurate location data for most vessels off our coast. s 9(2)(i) replaces the life expired equipment and future proofs the service by upgrading to a transmit capability allow agencies to issue tailored, local, safety and security messages. s 9(2)(i) s 9(2)(i)

Tools investment

- 13 The sector's next focus is developing options for the **Tools** investment which are the surveillance and response capabilities required to deliver effective governance of our area, and to bolster our role in our region's maritime security.
- 14 The sector has been working since the Strategy's publication to explore the role of technology in delivering surveillance and response capabilities. See Annex E.

- 15 s 9(2)(f)(iv) s 6(a)

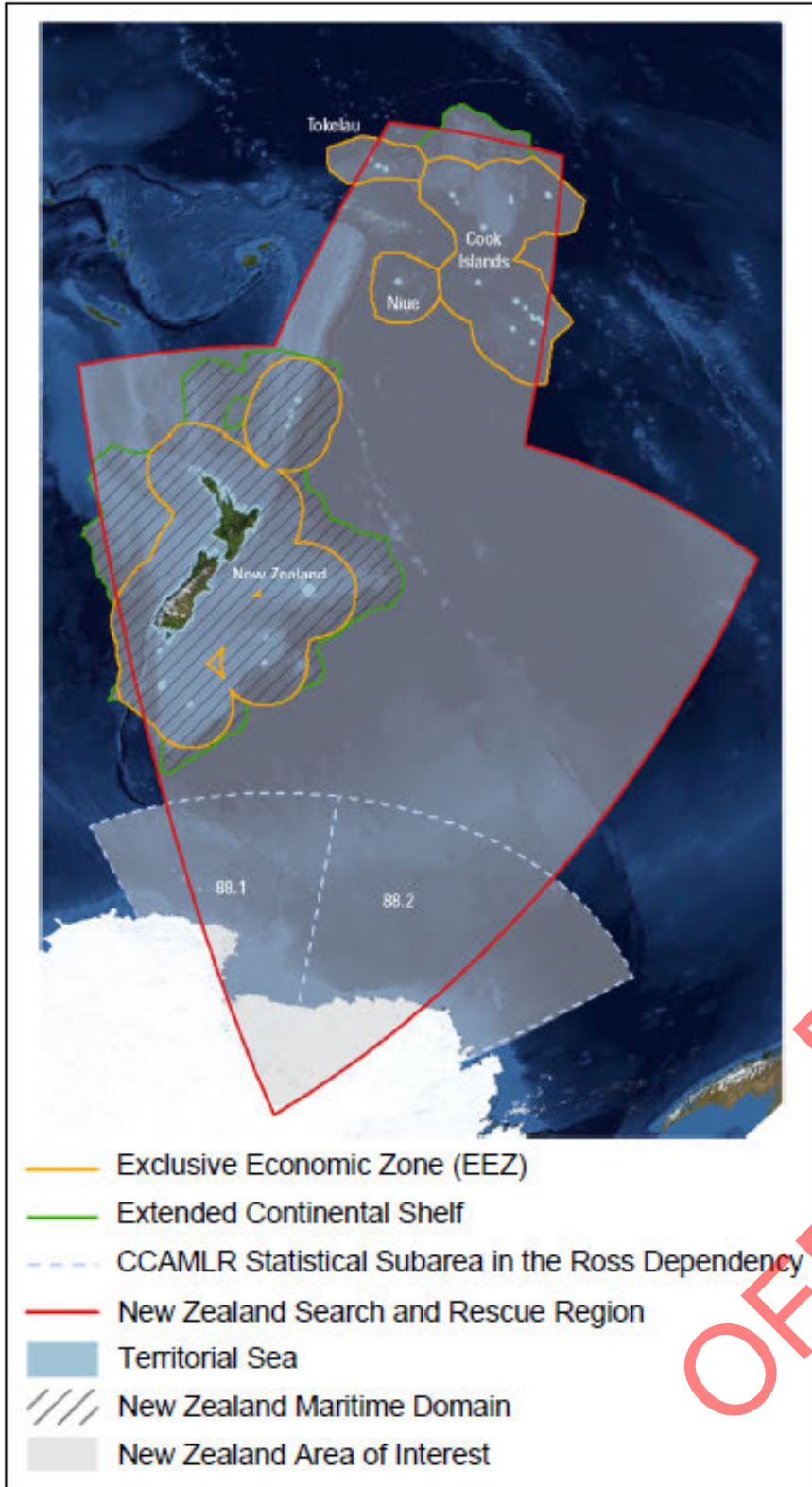
- 16 s 9(2)(f)(iv)
- 17

Next Steps

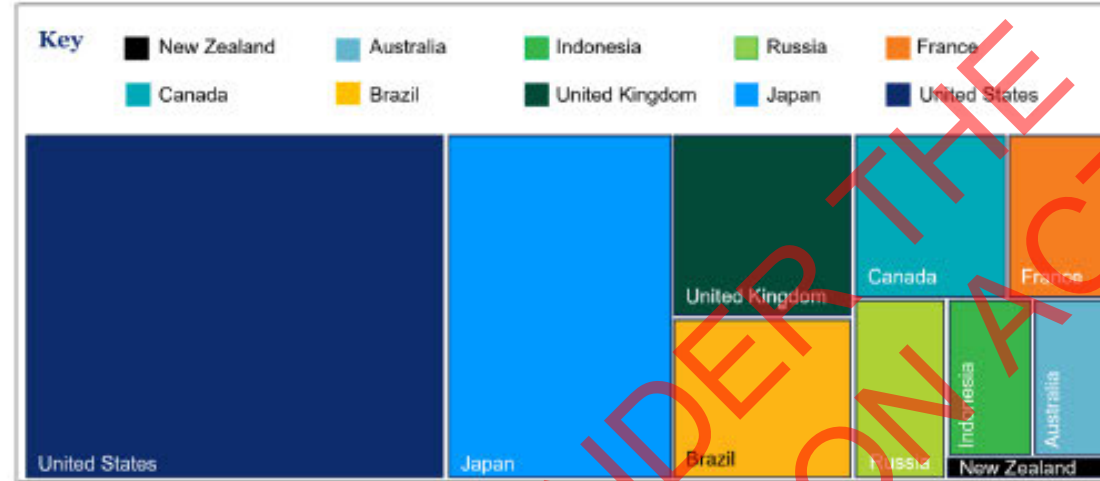
- 18 s 9(2)(f)(iv)

Annex A: Understanding the New Zealand Maritime Domain and Area of Interest

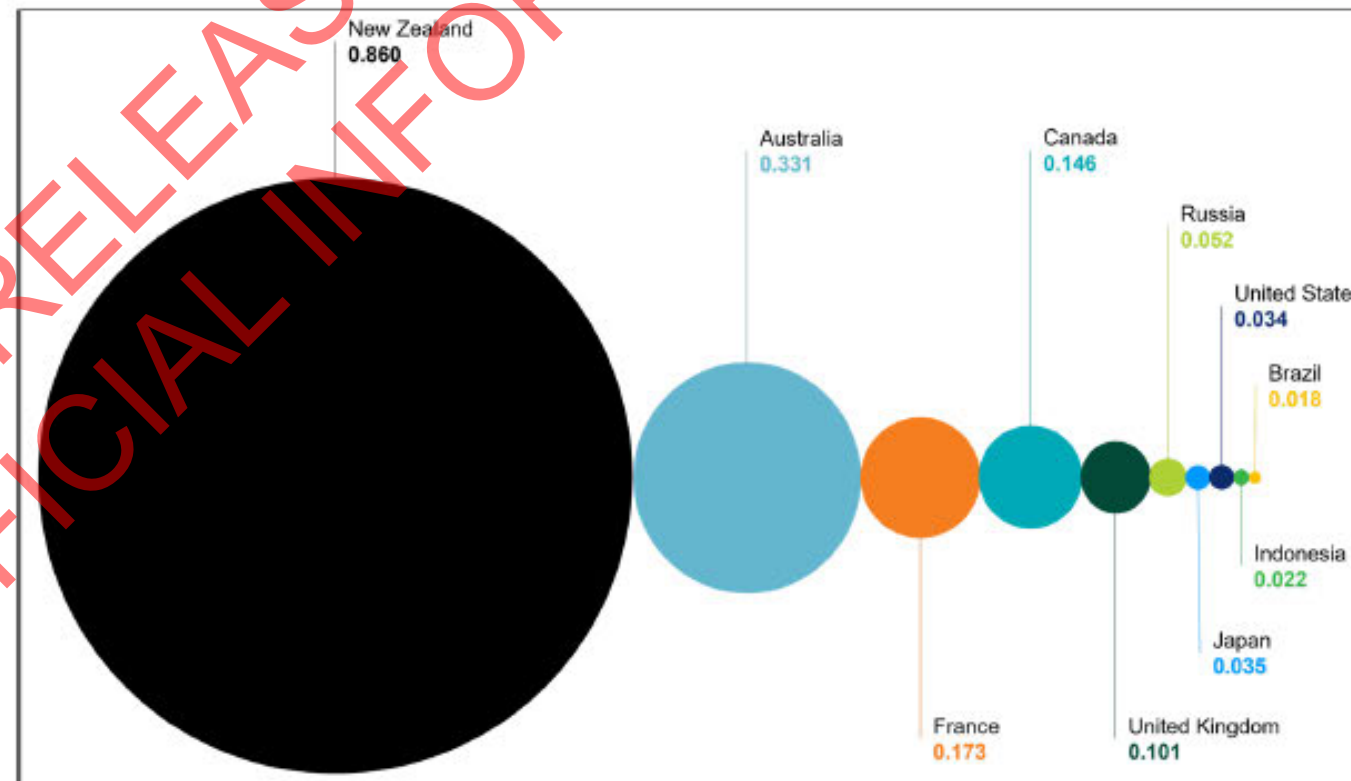
Our area of interest covers over 40,000,000km². This is 1/12th of the globe and is 10 times the size of the South China Sea.



Compared to other nations with large maritime areas, we have the lowest GDP per square kilometre of EEZ.

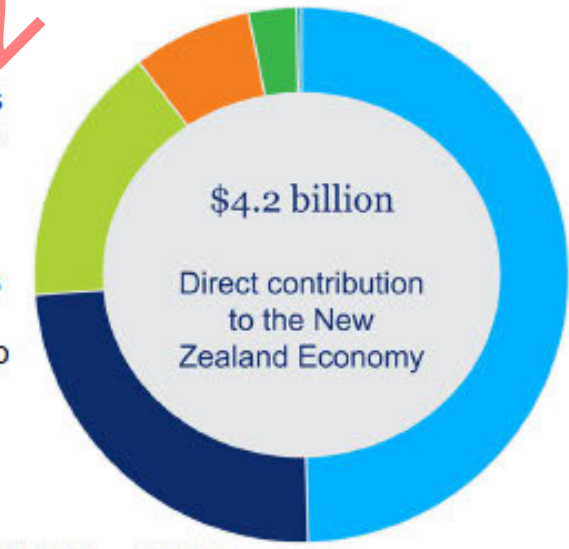


Using the same countries, we also have the lowest population density per square kilometre of EEZ, where there is one New Zealander per 0.860km².



Total Maritime Economic value = \$7 Billion

- This includes 38,646 wage and salary earners.
- \$2.8 billion is indirectly contributed to the New Zealand Economy



- Shipping (\$2.08B – 49.6%)
- Fisheries and Aquaculture (\$1.02B – 24.2%)
- Offshore Minerals (\$660M – 15.8%)
- Marine Services (\$300M – 7.2%)
- Marine Tourism and Recreation (\$120M – 2.9%)
- Government and Defence (\$12.6M – 0.3%)

New Zealand relies on the sea to trade



Intentionally Left Blank

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

Annex B: Overview of the Maritime Security Strategy



The Vision

A maritime security sector that secures New Zealand's significant maritime economic, cultural and environmental interests, is better able to deter adversaries, reduce harm to New Zealand communities and exert effective Kaitiakitanga (guardianship) of the sea.

The Approach

The maritime security sector's contribution to national security is guided by four interlocking pillars: Understand, Engage, Prevent, Respond.

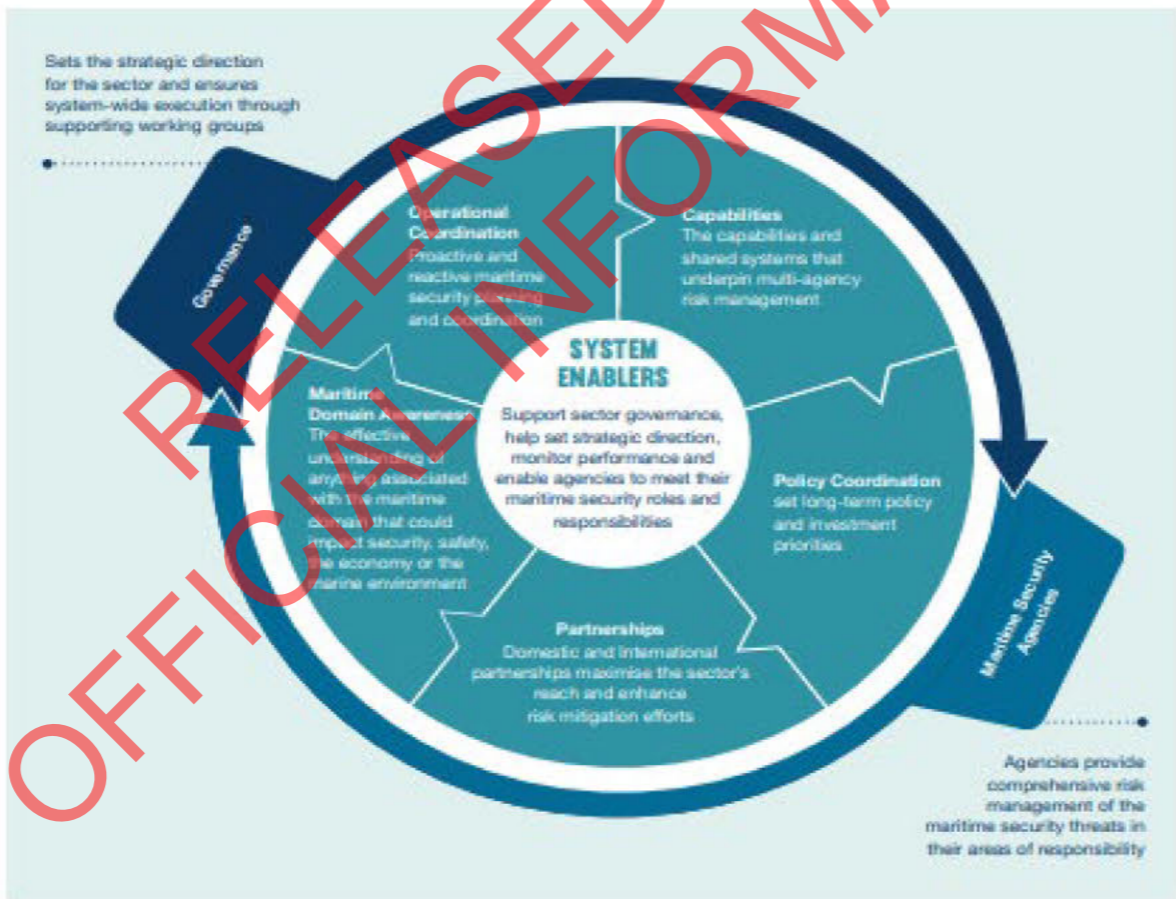
These pillars describe how an efficient and effective system goes about achieving maritime security.

The pillars are underpinned by two supporting principles: The comprehensive multi-agency approach and Kaitiakitanga.

A successful system

Charted Course to 2029

THE FUTURE MARITIME SECURITY SYSTEM ACHIEVED BY ➔ IMPLEMENTATION PRIORITIES



Priority 1
Enable the comprehensive multi-agency response

- Minister of Transport is the Lead Minister
- MOT is the lead maritime security policy and Strategic Coordination agency
- Sufficient policy coordination, assessment, communications and campaign planning capacity and capability.

▶ Achieved: 2023

Priority 2
Establish sector planning and assessment expectations

- A biennial Maritime Security Assessment that identifies emerging threats and opportunities
- An annual Prevention and Response Campaign Plan that sets an integrated approach to the deployment of resources.

▶ Priority: 2024

Priority 3
Coordinated investment across the sector

- Determine the approach to investing in the right mix of people, systems and tools to achieve best effect.

▶ Priority: 2024-2029

A LAYERED APPROACH TO INVESTMENT

People

We need people with the skills to understand the maritime environment, engage with domestic and international partners, develop and implement proactive approaches.

Systems

All elements need to work from a single point of truth (a "common operating picture"). This requires networked systems that support collaborative planning based on a shared understanding.

Tools

Investment in fit for the future surveillance and analytical capabilities. Ensuring New Zealand continues to have suitable and sufficient maritime response capabilities.

ROLES AND RESPONSIBILITIES

This table is provided as a guide and is likely to evolve as lessons are identified during real world issues and government sponsored exercises. Suggestions for amendment will be considered by MSOC for occasional Strategy amendments.

	THREAT / INTEREST	POLICY / STRATEGY		INTELLIGENCE		OPERATIONAL DELIVERY	
		LEAD	SUPPORT	LEAD	SUPPORT	LEAD	SUPPORT
SECTOR GOVERNANCE AND COORDINATION	Maritime Security	Ministry of Transport	MSOC Agencies	NMCC	MSOC Agencies	Maritime Security Agencies	NMCC
MARITIME SECURITY THREATS AND INTERESTS	Prohibited Imports and Exports	NZ Customs	NZ Police, NZIC, MFAT, DPMC, MOD	NZ Customs	NZIC, NZ Police, NDIB, MBIE, NZDF, MNZ, GNZ, NMCC, ITOC	NZ Customs	NZ Police, NMCC, MNZ, ITOC
	Prevention of a maritime mass arrival	MBIE (INZ)	DPMC, MOD, NZDF, MFAT, NZ Customs, NZIC, Police, MOH	MBIE	NZIC, MFAT, NZ Police, NZ Customs, NZDF, GNZ, NMCC, MOH	MBIE (INZ)	MFAT, NZDF, NZ Customs, NZ Police, NMCC, RCCNZ, MNZ
	Response to a maritime mass arrival in New Zealand	MBIE (INZ)	DPMC, MOD, NZDF, MFAT, NZ Customs, NZIC, MOH	MBIE	NZIC, MFAT, NZ Police, NZ Customs, NZDF, GNZ, NMCC, MOH	MBIE (INZ)	NZDF, NZ Customs, NZ Police, NMCC, RCCNZ, MOD; Health, MPI, MOJ, Corrections, MSD, Oranga Tamariki, MFAT, MNZ
	Biosecurity	MPI	DPMC, MOD, MFAT, MFE, MNZ	MPI	NZIC, NZ Police, NZ Customs, NZDF, GNZ, NMCC, MNZ	MPI	NZDF, NZ Police, EPA, MNZ, NMCC, MNZ
	Illegal, Unregulated and Unreported fishing	MPI	DPMC, MOD, MFAT, MFE	MPI	NZIC, NZ Police, NZ Customs, NZDF, GNZ	MPI	NZDF, MNZ, NMCC
	Illegal or poorly regulated exploitation of non-living resources	MFE	MBIE, MFAT, MOD, EPA, NZ Police, MNZ	EPA	NMCC, MFAT, MBIE, GNZ, NZ Police	EPA	NMCC, NZ Police, NZDF, MNZ, local authorities
	Threats to protected species	DOC	NZ Police, MFAT, MFE, MOD	DOC	NMCC, MFAT, NZ Police, MPI	DOC	NMCC, NZ Police, NZDF
	Illegal activity in protected areas	DOC	NZ Police, MFAT, MFE, MOD, MPI, MOT	DOC	NMCC, MFAT, NZ Police, MPI, MNZ	DOC	NMCC, NZDF, NZ Police, MPI, MNZ
	Illegal interference of Maritime Infrastructure	MBIE	NZ Police, MFE, MFAT, DPMC, MOD, MNZ	NZ Police	NMCC, NZIC, MNZ, MBIE	NZ Police	NMCC, NZDF, NZ Police, MNZ, NZ Customs
	Piracy, robbery, violence in international waters	MOT	MFAT, NZ Police, NZDF, MOD, MNZ	NZIC	NZ Police, DPMC, NZ Customs, NZDF, MPI	NZDF	NZ Police, NMCC
	Crime in territorial waters	MOJ	NZDF, DPMC, MFAT, MOD, MNZ, NZ Police	NZ Police	NZ Police, DPMC, NZ Customs, MPI	NZ Police	NZDF, NZ Customs, NMCC
	Security threats to Ports or NZ Flagged Vessels	MOT	MNZ, NZ Police, NZDF, NZIC, DPMC, MOD	MNZ	NZ Police, NZIC, NZDF, NZ Police, NMCC	MNZ	NZDF, NZ Police, NZ Customs, NMCC
	Illegal marine pollution	MOT	MNZ, MBIE, DOC, MPI, NZ Police, MFE	MNZ	EPA, NMCC, NZ Police, NZDF, DOC, MPI	MNZ	EPA, NMCC, NZ Police, NZDF, DOC, MPI, local authorities
	Maritime Safety and Emergencies (including oil response)	MOT	DPMC, NEMA, MOD, NZDF, MFAT, MFE, FENZ, MBIE	MNZ	MPI, MBIE, EPA, RCCNZ, NMCC, GNZ, FENZ	MNZ	NZDF, EPA, RCCNZ, MPI, NEMA, Emergency Task-Force (MFAT), local authorities, FENZ
	Maritime Search and Rescue	MOT	NZSAR Secretariat, MNZ, NZ SAR Council, NZDF, MFAT, MFE, NZ Police, MOD	MNZ	RCCNZ, NMCC, NZDF	RCCNZ	NZDF, NZ Police, MNZ, NMCC, local authorities
	Defence of New Zealand's sovereignty and territorial integrity	MOD	NZ Police, NZDF, NZIC, DPMC, MFAT, MOD	NZDF	NZIC, DPMC, MFAT, GNZ	NZDF	NZ Customs, NMCC, NZ Police
	Promotion and Support of the Maritime Rules Based Order	MFAT	DPMC, MOD, MFE, MPI, NZ Customs, MNZ	NZIC	NZDF, MFAT, DPMC, NZ Customs, MNZ, NMCC	Maritime Security Agencies	NMCC, HQJFNZ
South Pacific	MFAT	DPMC, MOD, MFE, MPI, NZ Customs, NZ Police, MOT	NZIC	NZDF, NZ Police, DPMC, MPI, NZ Customs, NMCC	Maritime Security Agencies	RCCNZ, HQJFNZ, Emergency Task-Force (MFAT), NMCC	
Southern Ocean	MFAT	DPMC, MOD, MFE, MPI, NZ Customs, Antarctic NZ, NZ Police	NZIC	MPI, NZDF, Antarctic NZ, NMCC	Maritime Security Agencies	RCCNZ, HQJFNZ, NMCC	

POLICY LEAD

The Agency responsible for administering the most relevant legislation and providing policy advice to the Executive Branch.

INTELLIGENCE LEAD

The Agency responsible for ensuring that the National Security System and lead policy agency is across relevant threats, hazards and levels of risk.

OPERATIONAL LEAD

The main agency responsible for leading and coordinating the operational (on the ground action) response.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

6 June 2024

OC240548

Hon Simeon Brown
Minister of Transport

MEETING WITH NEW ZEALAND AVIATION FEDERATION

Snapshot

You are meeting with the President of New Zealand Aviation Federation (NZAF), Bob Henderson. This briefing covers issues that NZAF has put on the agenda for the meeting.

Time and date	11.00-11.30am, 11 June 2024
Venue	EW5.1, Minister's Office
Attendees	Bob Henderson, MNZM, President NZAF
Officials attending	Tom Forster, Manager, Aviation & Maritime
Agenda	<ol style="list-style-type: none"> 1. FENZ proposed levies 2. NZAF Council meeting in October
Talking points	See Annex 1

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive – Policy	s 9(2)(a)	
Tom Forster, Manager – Aviation and Maritime		✓

MEETING WITH NEW ZEALAND AVIATION FEDERATION

Key points

- The NZAF is a collective of diverse aviation sector organisations that collaborate to discuss aviation issues and represent the sector to the regulating authority.
- The NZAF has expressed concerns about the recent Fire and Emergency New Zealand (FENZ) proposed levies, citing disproportionate impact, lack of evidential basis, transparency issues, and inappropriate definitions.
- The NZAF opposes the proposed removal of exemptions for aircraft from paying the insurance levy that will fund FENZ from 1 July 2026. The NZAF considers that it will place significant compliance costs on the aviation industry and make flying unaffordable for many of its members.

Background

- 1 The NZAF is made up of member organisations that represent every sector of General Aviation from private, sport and recreational aviation both powered and non-powered, to agricultural and aerial work. The NZAF also encompasses Model Aircraft, remote piloted aircraft, and parachute operations.
- 2 The NZAF member organisations have a combined membership of over 10,000 of which more than 6,000 are licensed aviators with over 4,000 registered aircraft.
- 3 These separate organisations work and run independently but come together to exchange ideas on aviation issues that affect the sector and present these to the regulating authority from a representative standpoint.
- 4 The NZAF is represented on all the sector reference groups and advisory panels within the Civil Aviation Authority.

NZAF is concerned about the proposed FENZ Levies

- 5 NZAF has expressed concerns about the proposed FENZ levies. In particular, the NZAF is concerned about:
 - a the out-of-proportion impact on the aviation sector
 - b the absence of any evidential basis to the levies proposed
 - c the lack of transparency in the consultation process, and
 - d the use of definitions that have no basis in relation to the aviation sector.
- 6 In March 2024, the Department of Internal Affairs (DIA) consulted on a Cabinet paper seeking to remove the exemptions that had been in place for aircraft, ships, and transport infrastructure from paying the insurance levy that will fund FENZ from 1 July 2026. We provided you with talking points for your attendance at the Cabinet Committee meeting.

- 7 The Ministry and the transport Crown entities had some concerns with the proposals as:
- airlines already pay for the provision of Fire and Rescue services at airports
 - most fires on ships occur at sea, and most commercial ships are required to have crew trained in firefighting, and
 - the Motor Vehicle levy that road users already pay covers FENZ's involvement to incidents on roads.
- 8 Cabinet agreed to remove the exemptions that currently apply to the transport sector. Subsequently, the Department of Internal Affairs has just completed its consultation with the sector on the proposed new levy rates to fund FENZ.
- 9 The consultation document proposed an increase in levies of 5.2 percent to apply from 1 July 2026. This will partly be funded by removing the exemption from recreational aircraft, with an uncapped levy rate to apply to non-privately owned aircraft.¹
- 10 The NZAF consider this to be a significant increase that will place further compliance costs on many parts of the aviation industry that are only just emerging from the challenging economic conditions caused by the Covid-19 pandemic.
- 11 The NZAF is concerned that this is likely to make flying difficult for its members, many of whom are in the recreational aviation sector. They have signalled that this would mean insurance coverage is unaffordable for many.
- 12 The NZAF is of the view that the exemption for domestic aviation, that includes aircraft insured, owned, and operated in New Zealand, continue in its current form, as the new levies bear no relationship to the use of FENZ services by the aviation sector.
- 13 We understand that some organisations that are part of NZAF have met with DIA officials to discuss the levy. They are likely to share the feedback they got from DIA with you.
- 14 As this is a proposal, we envisage it will be brought back for final decisions from Cabinet on the level of the levy increase. The Ministry will provide material to support you at the meeting.

NZAF Council Meeting

- 15 The NZAF had planned a Council meeting for you to talk to its members on the 10th of October 2024. Given your busy schedule, the NZAF would like to discuss potential dates on which you are available for such a meeting as well as the objectives for the meeting. This could be used an opportunity to discuss your aviation priorities as part of the meeting's objectives.

¹ Non-privately owned aircraft includes aircraft owned by airlines (Air NZ), rescue helicopter trusts, aircraft used in commercial operations, aircraft used by aeroclubs etc.

Instrument Flight Procedures

- 16 The Land Transport Management Act 2003 provides for the establishment and allocation of the national land transport fund, which is principally funded from land transport revenue. Land transport revenue is predominantly made up of fuel excise duty (FED) on petrol collected by Customs, and road user charges on diesel and heavy vehicles collected by Waka Kotahi
- 17 A small number of recreational aircraft are fuelled by petrol. These aircraft pay fuel FED even though they are not using the roads. The NZAF had been advocating for refunds of FED for such aircraft. However, the previous government decided that the administration of a refund scheme would be costly and administratively burdensome as the amount of general aviation contribution is relatively small, estimated to be about \$500,000 per annum.
- 18 In 2021, section 9(1) of the Land Transport Management Act 2003 was amended to allow for some of the FED funds to be used for recreational aviation safety activities.
- 19 The Ministry now has a contract with Aeropath (a subsidiary of Airways) for \$200,000 a year, provided through section 9(1), to provide Instrument Flight Procedures (IFPs) at unattended aerodromes used mainly by recreational aviation.
- 20 IFPs are published procedures used by aircraft using instrument flight rules and are designed to achieve and maintain an acceptable level of safety. IFPs are essential for safe aircraft operations at unattended aerodromes in marginal weather conditions.
- 21 The NZAF works closely with Aeropath to determine the aerodromes that require IFPs.

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

Biographies



**Bob Henderson, MNZM,
President of NZAF**

Bob's career in aviation has been marked by significant roles and responsibilities, starting from his tenure as an RNZAF pilot to his current position as the President of NZAF. His experience includes leadership roles such as the Commanding Officer of 40 Squadron and the senior NZ Defence officer in the first Gulf War.

Following his service with the Air Force, Bob joined Air New Zealand, where he held positions such as B737 simulator instructor and A320 Training Manager.

In addition to his professional roles, Bob has been involved in glider piloting. He held the position of President of the International Gliding body and was a Board Member of the FAI - World Air Sports Federation. His involvement with the FAI extended to serving as its President from 2018 to 2020.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

Annex 1: Talking Points

MEETING WITH NEW ZEALAND AVIATION FEDERATION

- The proposal to remove exemptions for aircraft from paying the insurance levy that will fund FENZ from 1 July 2026 is a significant change. Can you share more about why you believe the exemption for domestic aviation should continue?
- I've noted the NZAF's concerns about the proposed FENZ levies. Could you elaborate on the specific impacts you foresee on the aviation sector?
- I'm looking forward to the upcoming NZAF Council meeting. What are some of the key objectives you hope to achieve from this meeting?
- How is your collaboration with Aeropath going in the provision of Instrument Flight Procedures at unattended aerodromes?

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982



7 June 2024

OC240537

Hon Simeon Brown

Minister of Transport

Click to enter a date or delete this + "Action required by:"

EXEMPTIONS AND APPEALS IN CIVIL AVIATION

Purpose

This briefing responds to your request for more information about:

- the key changes to civil aviation legislation from the old regime to the new
- how exemptions and appeals are intended to work.

Key points

- The Civil Aviation Act 2023 (the 2023 Act) consolidates and modernises existing law and introduces some new requirements.
- The 2023 Act, which comes into force on 5 April 2025, adds new features to the existing exemption powers to align with modern best practice, and updates the grounds for granting an exemption.
- Granting exemptions is one of the Director’s independent regulatory functions which means that the Minister, the board of the CAA, and the Secretary must not give directions to the Director in relation to performing that function. However, the exemption must be consistent with what the Act and rule allow for.
- People dissatisfied with an exemption decision under existing law can apply to the High Court for it to be judicially reviewed. The 2023 Act carries this over with no changes.
- The Ministry will brief you this month about consulting the public on aspects of the 2023 Act’s new independent review function.

Siobhan Routledge

Acting Deputy Chief Executive - Policy Group

07 / May / 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
Siobhan Routledge, Acting DCE – Policy Group	s 9(2)(a)	
Tom Forster, Manager – Aviation and Maritime		✓
Natalie Howell, Senior Adviser – Aviation and Maritime		

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

EXEMPTIONS AND APPEALS IN CIVIL AVIATION

The Civil Aviation Act 2023 (the 2023 Act)

- 1 The Civil Aviation Act 2023, which comes into force on 5 April 2025, replaces the Civil Aviation Act 1990 (the 1990 Act) and the Airport Authorities Act 1966. It consolidates and modernises the existing law and introduces some new requirements.
- 2 The 2023 Act:
 - strengthens the management of the risk of drug and alcohol impairment in the commercial aviation sector
 - sets out the responsibilities for the operation of new and emerging technologies and provides new intervention powers to respond to the serious misuse of remotely piloted aircraft
 - introduces a process for aviation participants to seek independent review of decisions made by or on behalf of the Director of Civil Aviation, in addition to the existing process for decisions made on a medical basis (see paragraphs 17-19 for more on this)
 - enables New Zealand to meet its obligations under the International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
 - introduces a modern registration regime for airports (replacing the current Airport Authorities process) and, for some airports, a requirement called a regulatory airport spatial undertaking
 - empowers the Minister of Transport to consider national security within the aviation system and make rules when national security considerations apply
 - expands the aviation security regime to enable short-term additional security measures in temporary "landside security areas" at airports when needed to respond to a heightened threat environment.
- 3 The Act also amends or clarifies some policies from the current legislation including:
 - clarifying the powers, protections and tools that are available to aviation security officers at security designated aerodromes
 - improving the transparency and robustness of the process for authorising airline alliances.
 - changing the legislative requirements around airport price setting and when airports have to operate commercially
 - clarifying how the Public Works Act applies to land acquired for airport purposes
 - clarifying that the Disputes Tribunal is an avenue for passenger redress under provisions relating to consumer rights for delay or loss of baggage.

- 4 Unlike the 1990 Act, the 2023 Act has a clearly defined purpose. The main purpose of the 2023 Act is a safe and secure civil aviation system. It also has additional purposes:
- a) to maintain, enhance, and promote a transport system that contributes to environmental sustainability, economic prosperity, inclusive access, healthy and safe people, and resilience and security
 - b) to promote innovation, effectiveness, and efficiency in civil aviation
 - c) to ensure that New Zealand's obligations under international civil aviation conventions, agreements, and understandings are implemented
 - d) to preserve New Zealand's national security and national interests
 - e) to take into account the adverse effects of civil aviation on the interests of people, property, and the environment.

Exemption powers give flexibility

- 5 A power of exemption is a discretionary power delegated by an Act to a particular body or office holder that, when exercised, will exclude or exempt certain things from the application of an Act, regulations or rules
- 6 Exemption powers give flexibility to accommodate unforeseen or exceptional situations, without changing the law. They are useful for:
- 1.0 complex and rapidly developing fields for which the boundaries may be difficult to foresee
 - 1.1 areas where urgent decisions about exemptions may be required
 - 1.2 exceptional or "one-off" circumstances
 - 1.3 areas requiring frequent adaptation to changing factual or policy circumstances
 - 1.4 minor unforeseen or technical issues that do not justify changing the law
 - 1.5 situations where compliance is impractical, inefficient or unduly expensive, but the policy objective can be achieved through imposing conditions on the exemption.¹
- 7 Aviation participants are expected to comply with the law. Exemptions are intended for exceptional situations and will only be granted where the legal criteria are met and there is no reduction in safety or security outcomes.
- 8 Some examples of exemptions the CAA has granted are:

¹ Source: Legislation Design and Advisory Committee Guidelines
<https://www.ldac.org.nz/guidelines/legislation-guidelines-2021-edition/issues-particularly-relevant-to-empowering-secondary-legislation-2/chapter-16/>

- 8.1 A class exemption allows the use of luggage trackers such as Airtags and Tile. The exemption was required as the luggage trackers contain lithium batteries. The size of the lithium battery permitted to be carried is restricted.
- 8.2 Several exemptions have been granted to various participants that operate at aerodromes that do not meet the runway width strip requirements such as Wanaka, Greymouth, and Westport. Most of these operators conduct charters or medical evacuations.
- 8.3 An exemption was granted to the Police so they could operate drones in airspace above persons who have not given their consent as well as operating them at night, in the aftermath of Cyclone Gabrielle. Civil Aviation Rule Part 101 restricts these activities.

The 2023 Act modernises exemption powers

- 9 The 2023 Act adds new features to the existing exemption powers, and provides clarity where the 1990 Act is silent. The policy intent behind the changes was to align with modern best practice.
- 10 The changes to the exemption powers in the 2023 Act are similar to provisions of the Land Transport Act and Maritime Transport Act, introduced in 2021.
- 11 The new provisions allow the Director to grant exemptions from regulations (as well as exemptions from rules), and clarify that the Director can grant class exemptions and set time limits on exemptions. The 2023 Act also clarifies that compliance with conditions of exemptions can be enforced.
- 12 The grounds for exemption have been amended, and require the Director to ensure that exemptions are consistent with the Act's purpose (see paragraph 4). The Director must also consider the Act's additional purposes – a wider range of considerations than previously.
- 13 The CAA is updating its policies and procedures to reflect the 2023 Act. Although the wording in the 2023 Act is different, the 2023 Act contains some similar tests (e.g. assessing the impact of the proposed exemption on safety). The CAA does not foresee a significant change to the types of exemptions it will approve or decline.
- 14 Granting exemptions is one of the Director's independent functions (section 32(3)(b)) which means that the Minister, the board of the CAA, the Secretary and anyone else must not give directions to the Director in relation to performing that function. However, the exemption must be consistent with the Act and relevant regulation or Civil Aviation Rule.
- 15 The table below compares the exemption provisions under the two Acts.

	1990 Act (Section 37)	2023 Act (Sections 32, 322 and 323)
Scope	The Director may issue an exemption to any rule made under the 1990 Act, except	The Director may issue an exemption to any rule made under the Act.

	1990 Act (Section 37)	2023 Act (Sections 32, 322 and 323)
	rules made under section 31 (emergency rules).	The Director may also make exemptions from regulations made under the Act, if the regulations state that this is allowed.
Limitations	Exemptions are not allowed if a rule specifically prohibits exemptions to it. (There are a handful of rules that contain a prohibition like this.)	No change
Granting an exemption	<p>Before granting an exemption the Director must be satisfied in the circumstances of each case that—</p> <p>(a) the requirement has been substantially complied with and that further compliance is unnecessary; or</p> <p>(b) the action taken or provision made in respect of the matter to which the requirement relates is as effective or more effective than actual compliance with the requirement; or</p> <p>(c) the prescribed requirements are clearly unreasonable or inappropriate in the particular case; or</p> <p>(d) events have occurred that make the prescribed requirements unnecessary or inappropriate in the particular case,—</p> <p>and that the risk to safety will not be significantly increased by the granting of the exemption.</p>	<p>The Director must not grant an exemption unless satisfied that—</p> <p>(a) the extent of the exemption is no broader than is reasonably necessary to address the matters that gave rise to the proposed exemption; and</p> <p>(b) the exemption is consistent with the main purpose of this Act; and</p> <p>(c) it is appropriate to grant the exemption after considering—</p> <p>(i) the additional purposes of this Act; and</p> <p>(ii) consistency with relevant international standards (if any); and</p> <p>(iii) any other matter that the Director considers appropriate in the circumstances.</p> <p>The Director's power to revoke or amend an exemption is implied by the power to grant one.²</p>
Conditions	The Director may apply conditions as they consider appropriate.	Similar: the Director may grant an exemption on any terms and conditions that the Director thinks fit.
Enforcement	No express provision. Failure to comply with a condition of an exemption may have the effect of voiding the exemption, leading to a rule breach.	Express provision that a breach of a term or condition of an exemption is a breach of the relevant provision in the regulation or rule to which the exemption relates (unless the terms of the exemption provide otherwise).
Timing/ expiry	No provision	<p>Clarifies that an exemption takes effect on the date specified in the exemption.³</p> <p>It expires either on the date specified in the exemption, or 5 years after the date it took effect.</p> <p>An exemption may be replaced before it expires.</p> <p>Some exemptions from the past have no end date. The CAA is working through how to transition these to the new Act.</p>

² This principle comes from s48 of the Legislation Act 2019.

³ For a class exemption, the date must be after the exemption is published under the Legislation Act 2019.

	1990 Act (Section 37)	2023 Act (Sections 32, 322 and 323)
Class exemptions	No provision	Clarifies that the Director may make class exemptions, i.e. an exemption applying to a defined group of people or things. Class exemptions are secondary legislation. The Director must publish the reasons for granting the class exemption with the exemption.
Reporting	The number and nature of exemptions granted must be notified as soon as practicable in the <i>Gazette</i> .	The Director must notify the number and nature of individual exemptions in the <i>Gazette</i> at intervals not longer than 3 months. Because class exemptions are secondary legislation, publication requirements apply under the Legislation Act 2019.
Appeal	People dissatisfied with an exemption decision made under the 1990 Act can apply to the High Court for a judicial review. A judicial review examines procedural justice (i.e. whether the decision was made in accordance with the law, and is within the range of reasonable decisions possible), rather than the technical merits of an exemption request. ⁴	No change

The Secretary has a new exemption power

- 16 The 2023 Act also gives the Secretary of Transport the power to grant exemptions relating to the Act's new airport regulation requirements administered by the Ministry, such as airport registration and regulatory airport spatial undertakings.

Independent Review

- 17 During the Select Committee's consideration of the Civil Aviation Bill in 2021-22, submitters expressed concern about the drawbacks of appealing CAA decisions through the District Court. They said taking judicial actions is costly, and there is typically a long interval between when a contested decision was made and the end of the court process.
- 18 In response, the 2023 Act creates a new function for independent review of CAA decisions. The new function is intended to provide an expert independent review option that is quicker and less costly than existing appeal mechanisms, without replacing or duplicating them.
- 19 The 2023 Act leaves the scope of reviewable decisions to be specified in regulations. The Ministry is still working through the scope of what should be reviewable and will brief you this month about this.

⁴ Judicial reviews tend to be costly and slow. For these reasons they are very rare under current law.



7 June 2024

Hon Simeon Brown

Minister of Transport

AIDE MEMOIRE: TEXEL AIR

To: Hon Simeon Brown, Minister of Transport

From: Siobhan Routledge, Acting DCE – Policy Group
Tom Forster, Manager – Aviation and Maritime

Date: 7 June 2024

OC Number: OC240610

Purpose

- 1 This note supports any further discussions you may have about Texel Air gaining the necessary decisions from the Civil Aviation Authority (CAA) to enable them to operate.

Background

- 2 Texel Air met with you recently to discuss their dissatisfaction with the progress being made to get the relevant CAA decisions, s 9(2)(b)(ii)

The Director of Civil Aviation is solely responsible for decisions about Texel Air

- 3 As a Crown entity, CAA carries out its legislated functions at arm's length from the Government.
- 4 The Civil Aviation Act 1990 provides the Director of Civil Aviation with the power to "exercise control over entry into the civil aviation system through the granting of aviation documents under this Act" (section 72I (3)(a)).
- 5 The Director's other functions and powers include monitoring adherence to regulatory requirements (section 72I(3)(c)) – such as Civil Aviation Rules – and decisions about possible exemptions to civil aviation rules (section 37).
- 6 Legally, you, as Minister of Transport, cannot direct or instruct the Director about operational decisions. The 1990 Act specifically states that, "in respect of any particular case, the Director shall act independently and shall not be responsible to the Minister or the Authority for the performance or exercise of such functions or powers" (section 72I(4)).

- 7 The Civil Aviation Act 2023 will come into force on April 5 next year. The Director's independent responsibilities under the 2023 Act are fundamentally the same as under the current law.

You can influence the CAA's governance, and set general expectations

- 8 You are not able to influence specific CAA decisions but can influence CAA's performance and approach more generally. s 9(2)(g)(i)

s 9(2)(f)(iv)

- 9 s 9(2)(f)(iv), you can also provide the Board with clear performance expectations and metrics, for example to reflect Government expectations on transparency, prudent spending, and keeping any necessary costs as low as possible recognising the pressures that aviation participants and consumers are facing.

Continuing to work with the CAA

- 10 We encourage Texel Air to continue to work with the CAA, including considering and responding to any alternative pathways proposed by CAA. This is likely to be the best, fastest and least cost pathway to a successful outcome for both parties.

Rights of Appeal

- 11 Specified Director decisions under the Act (e.g., decisions about issuing, revoking, or suspending an aviation document) can be appealed to the District Court. Depending on the nature of decisions made by the CAA in relation to Texel Air, an appeal path may be available. However, this avenue is not available for decisions about exemptions because decisions about exemptions are solely at the discretion of the Director.
- 12 For decisions that are not subject to the appeal pathway in the Act, judicial review is available.
- 13 A judicial review examines procedural justice (i.e. whether the decision was made in accordance with the law and is within the range of reasonable decisions possible), rather than the technical merits of an exemption request.
- 14 Other remedies may be available to Texel Air, depending on the circumstances. The onus is on Texel Air, as is the case with any applicant, to seek their own independent legal advice about their appeal options or other rights.

The 2023 Act introduces a new Independent Review function

- 15 The new Independent Review function in the 2023 Act is intended to provide an alternative review option that is quicker and cheaper than existing appeal mechanisms, without replacing or duplicating them.

- 16 The 2023 Act leaves the scope of reviewable decisions to be specified in regulations. The Ministry is working on developing the regulations. You will shortly receive a briefing and a Cabinet paper on the Independent Review Function.

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting DCE – Policy Group	s 9(2)(a)	✓
Tom Forster, Manager – Aviation and Maritime		
Natalie Howell, Senior Adviser – Aviation and Maritime		

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

Te Tuhinga | Memorandum

To Hon Simeon Brown

From Bryan Field

Date 11 June 2024

For your Information

Background information to use at Cabinet Economic Policy Committee to accompany the Cabinet paper titled Chatham Islands Livestock Vessel Financial Recommendations

Purpose

1. This aide memoire provides background information to use at Cabinet Economic Policy Committee (ECO) to accompany the Cabinet paper titled Chatham Islands Livestock Vessel Financial Recommendations.

Background

2. This Cabinet paper addresses an immediate animal welfare issue arising from shipping outages to the Chatham Islands (the Islands) causing a backlog of livestock that cannot be fed over winter on the Islands
3. It seeks to re-prioritise funding from department underspends to provide for the charter of a livestock vessel to remove surplus animals rather than undertaking a significant culling operation.
4. It also seeks to transfer funding to provide support over the winter months and purchase essential supplies for the livestock.

There is an excess of livestock on the Islands due to shipping outages

5. There are approximately 42 working farms on the Islands, including Pitt Island, of which around 15 are mainly or solely farming operations. These farms rely on shipping services to transport stock to the mainland for processing, as the abattoir on the Islands closed in the 1990s.
6. Farming production has been limited by the shipping capacity of the *Southern Tiare*, which can carry only 1,200 sheep and 130 cattle per voyage. In addition, the vessel has undergone several unexpected repairs in the last year resulting in two major outages. This has led to a backlog of animals to be moved off of the Islands.
7. The *Southern Tiare* is currently undergoing its annual survey and hull repairs. It has been in dry-dock since late March 2024, and is not expected to be back in service until early July 2024. This service outage has exacerbated the livestock issues on the Island, and will reach

crisis point over winter 2024 when feed supplies will not be sufficient to maintain the current stock levels.

8. Ministry for Primary Industries (MPI) officials estimate 28,000 sheep and 7,000 cattle require shipping to the mainland. Without urgent intervention to remove enough of these animals, they will need to be culled progressively between June 2024 and October 2024 as the value of older animals will diminish and farmers will not have sufficient feed after the lambing season. The return of the *Southern Tiare* to service after its repairs will not be sufficient to move enough animals to prevent a significant cull.
9. Farmers will also require winter feed for the livestock on the Islands until they can be moved as current feed supplies are too low to meet required levels for the number of stock over the winter months.

Chartering a livestock vessel as a short-term mitigation

10. In April 2024 Cabinet agreed to transfer \$1 million from Vote Internal Affairs to Vote Transport within the Transport Connectivity with Isolated Communities non-departmental appropriation to cover the estimated costs of a charter vessel [CBC-24-MIN-0025 refers].
11. Since then, officials from the Ministry of Transport (MoT) and MPI have worked to find a suitable livestock vessel able to berth at the Islands' Waitangi Wharf as well as meet Maritime New Zealand and animal welfare requirements.

12. s 9(2)(b)(ii)

13.

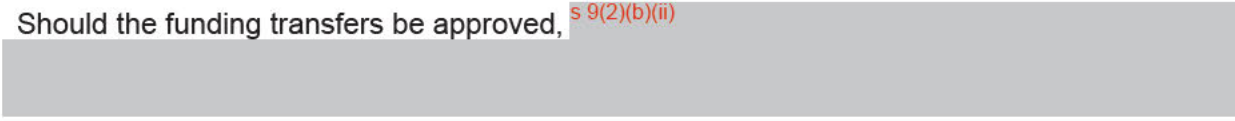
14.

Key proposals in the Cabinet paper

15. The Cabinet paper seeks agreement to address immediate animal welfare issues arising from shipping outages to the Chatham Islands by way of:
 - An in-principle agreement to transfer expected underspends of \$0.750 million each within Vote Transport and Vote Agriculture, Biosecurity, Fisheries and Food Safety;
 - An agreement to transfer funding of \$0.750 million in 2024/25 from the Transport - Policy advice, ministerial servicing, governance, and other functions appropriation to the Transport Connectivity with Isolated Communities appropriation within Vote Transport to provide funding to s 9(2)(b)(ii)
 - An agreement to an increase in funding of \$0.750 million to Transport Connectivity with Isolated Communities appropriation within Vote Transport in 2024/25 to be funded from the expected 2023/24 underspends in Vote Agriculture, Biosecurity, Fisheries and Food Safety;

- An in-principle agreement to transfer up to \$1 million of funding from 2023/24 to 2024/25 in Vote Agriculture, Biosecurity, Fisheries and Food Safety for the response and recovery support package to help the Chatham Islands farming community for supplies and other support.

Next steps

16. Should the funding transfers be approved, ^{s 9(2)(b)(ii)}

17. MPI will continue working with farmers on the Chatham Islands to assess the condition of the animals, as well as coordinate the supply of extra feed and support to the farming community.



Bryan Field
Kaitohutohu Mātāmua | Manager
Programme Monitoring & Investment Management

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

12 June 2024

OC240505

Hon Simeon Brown
Minister of Transport

Action required by:
Friday, 21 June 2024

cc Hon Nicola Willis

Minister of Finance

LOWER NORTH ISLAND RAIL INTEGRATED MOBILITY PROGRAMME FUNDING PACKAGE

Purpose

This briefing seeks:

- your approval, along with that of the Minister of Finance, to drawdown the tagged operating contingency of \$455.4 million for the Lower North Island Rail Integrated Mobility Programme (Programme)
- your approval of the attached Programme funding agreement.

Key points

- In Budget 2023, the previous Government established a tagged operating contingency of \$455.4 million for the Programme. Alongside the tagged contingency funding, the New Zealand Transport Agency (NZTA) has agreed to contribute a further \$347.5 million from the National Land Transport Fund. Greater Wellington Regional Council (GWRC), and Horizons Regional Council (Horizons) will fund the remaining \$71 million.
- There are steps that you and the Minister of Finance must undertake to release the tagged contingency and to establish a Vote Transport multi-year appropriation. The funding agreement can not be signed until this has occurred.
- We have developed a funding agreement that sets out the terms by which the Government and NZTA will provide funding to GWRC and KiwiRail for the purposes of delivering the Programme.
- We have updated the funding agreement to reflect your expectations the Programme has a strong value for money focus. The Parties involved in the Programme have agreed in-principle to the updated funding agreement. GWRC has also signalled that we will be able to review the Request for Proposal to ensure that it meets your additional value for money and train technology expectations.

Recommendations

We recommend you:

Minister of Transport Minister of Finance

Funding Agreement

- 1 **note** the Parties involved in the Lower North Island Rail Integrated Mobility Programme (Greater Wellington Regional Council, Horizons Regional Council, Ministry of Transport, the New Zealand Transport Agency and KiwiRail) have agreed in-principle to the funding agreement, pending your approval as the Minister of Transport;
- 2 **approve** the funding agreement for the Lower North Island Rail Integrated Mobility Programme subject to the Minister of Finance's approval of the recommendations below to draw down the contingency; Yes / No

Tagged contingency

- 3 **forward** this briefing to the Minister of Finance seeking her agreement to the recommendations below; Yes / No
- 4 **note** that in Budget 2023, Cabinet established a tagged operating contingency of \$455.4 million for the Lower North Island Rail Integrated Mobility Programme (Programme); that is contingent on Greater Wellington Regional Council and Horizons Regional Council demonstrating their ability to pay their local share of the Programme and other associated metropolitan rail costs, and contingent on a process established to manage potential cost overruns;
- 5 **note** that Greater Wellington Regional Council and Horizons Regional Council have demonstrated their ability to pay their respective local shares through reflecting their contributions in their 2024-2034 Long Term Plans;
- 6 **note** that the Funding Agreement specifies the process for releasing funding to Councils and the processes for managing cost overruns;
- 7 **agree** that the conditions of the tagged contingency noted in recommendation 4 above have been met, the contingency to be drawn down; Yes / No Yes / No
- 8 **agree** to draw down the tagged operating contingency for the Programme into Vote Transport; Yes / No Yes / No
- 9 **note** that in Budget 2023 Cabinet agreed that, when drawing down the tagged contingency noted in recommendation 4 above, the Minister of Transport and Minister of Finance may establish new appropriations as necessary;
- 10 **agree** to establish the following new multi-year appropriation in Vote Transport, to run from 2024/25 to 2028/29; Yes / No Yes / No

Vote	Appropriations Minister	Title	Appropriations Administrator	Type	Scope
Transport	Minister of Transport	Lower North Island Rail Passenger Rail Network Improvements - Local Council Grant MYA	Ministry of Transport	Non-Departmental other expense	The appropriation is limited to expenditure on the lower North Island passenger rail network for activities carried out by the Greater Wellington Regional Council and Horizons Regional Council.

- 11 **approve** the following changes to appropriations to give effect to recommendation 7 above with the corresponding impact on the operating balance and net core Crown debt; Yes / No Yes / No

Vote Transport Minister of Transport	\$m (increase/(decrease))	
	2024/25 -2027/28	2028/29
Non-Departmental Output Expense: Rail - Maintenance and Renewal of the Rail Network (2024-27) (MYA).	s.9(2)(b)(ii)	
Non-Departmental Output Expense: Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant MYA		
Total Operating		

- 12 **agree** that the expenses incurred in recommendation 8 above be charged against the tagged operating contingency described in recommendation 4 above; Yes / No Yes / No
- 13 **note** that, following the adjustment detailed in recommendation 8 the tagged operating contingency described in recommendation 4 above will be exhausted and therefore closed;
- 14 **note** that the indicative spending profile for the new multi-year appropriation described in recommendation 8 above is as follows:

Indicative annual spending profile	\$m (increase/(decrease))				
	2024/25	2025/26	2026/27	2027/28	2028/29
Rail - Maintenance and Renewal of the Rail Network (2024-27) MYA	§ 9(2)(b)(ii)				
Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant MYA					

- 15 **agree** that the proposed change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply. Yes / No Yes / No

- 16 **note** that the Chief Executive of the Ministry of Transport will sign the funding agreement for the Lower North Island Rail Integrated Mobility Programme under delegated authority once all of the recommendations above have been approved.

 Hon Nicola Willis
Minister of Finance

..... / /



 David Wood
Deputy Chief Executive, Investment and Monitoring

..... / /

 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
David Wood, Deputy Chief Executive, Investment and Monitoring	s 9(2)(a)	✓
Bev Driscoll, Manager, Rail		
Alex Voutratzis, Principal Adviser, Rail		

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

LOWER NORTH ISLAND RAIL INTEGRATED MOBILITY PROGRAMME FUNDING PACKAGE

Background: seeking further assurance from the Programme

Engagement with officials

- 1 You have sought further assurance from the Ministry of Transport (Ministry) and Greater Wellington Regional Council (GWRC) about the value for money of the train technology associated with the Lower North Island Rail Integrated Mobility Programme (the Programme).
- 2 You have also sought to make changes to the Request for Proposal (RFP) process for the new trains, and to strengthen the role the Ministry will have in the process.
- 3 We have previously provided you advice on these issues and other policy considerations [OC240523, OC240505, and OC240137 refers].

Meeting with the Chair of Greater Wellington Regional Council and subsequent communications

- 4 On 9 May 2024, you met with the Chair of GWRC, Daran Ponter [OC240446 refers]. The meeting enabled you to seek assurances on the proposed RFP process from GWRC and Horizons.

5 s 9(2)(b)(ii)

- 6 The meeting also provided you an opportunity to stress test the patronage forecasts on both the Manawatū and Wairarapa Lines, and by extension the farebox recovery on these services (particularly on the Manawatū Line). Chair Ponter emphasised his support for the patronage forecasts in the Detailed Business Case (DBC) that provide the basis for the proposed increase in service levels.

- 7 On 10 May Chair Ponter wrote to you, seeking to address your concerns about the

s 9(2)(b)(ii)

- 8 On 31 May 2024, you responded in writing to Chair Ponter, advising that before you sign the funding agreement, you need written assurance from GWRC that it:

8.1 s 9(2)(b)(ii)

8.2

8.3 s 9(2)(b)(ii)

9 Chair Ponter wrote to you again on 7 June 2024, and noted his commitment to confirm that in his view, the Programme delivers on the points outlined in 8.1-8.3. The Chair, as requested by you, also outlined the expected travel time savings of:

9.1 a 15-minute saving on the Wairarapa line (giving an 89 min total journey time)

9.2 no travel time savings on the Manawatū line – but noting the increased service levels.

10 A copy of Chair Ponter's 7 June letter is attached as Annex 2.

Updating the funding agreement

11 We have made changes to the funding agreement (see Annex 1) to hold GWRC to account on the undertakings provided in Chair Ponter's letters. We have designed these changes to:

11.1 s 9(2)(b)(ii)

11.2 ensure GWRC will prepare a Programme benefit realisation evaluation report within three years of the new services commencing

11.3 s 9(2)(b)(ii)

Strengthening the role of the Ministry in the RFP process

12 Your 31 May letter to Chair Ponter, set out your directive that GWRC can only release the RFP once there is mutual agreement between the Ministry, Horizons and GWRC on its content.

13 We are meeting with GWRC to review the RFP on Thursday, 20 June. As part of this review process, we will utilise the procurement expertise of NZTA to assist us. We are conscious of the RFP timeframes and the need for GWRC to go to market within the next two months.

Ensuring ongoing value for money

14 We note your concerns about whether the proposed increase in the level of service that the DBC outlines will eventuate. We share your concerns, particularly in relation to the Manawatū Line, and whether there is robust justification for the proposed fivefold increase in services a week [OC240446 refers].

15 To partly address these concerns, we have amended the funding agreement to ensure that the Programme benefit realisation evaluation report includes a demand and utilisation analysis for each line [clause 8.6 refers]. This will validate the value for money from the Programme and inform future changes to levels of service, within

three years of the new trains commencing services to the public. GWRC will lead the development of this report.

- 16 If patronage growth is low, GWRC will have the option to redeploy the new trains to the wider Wellington metro network. This option reinforces your key priority that the Programme must deliver value for money.
- 17 The new clause, outlined in paragraph 15 above, is in addition to existing clause 6.4a that requires a cost and scope review by the Parties of the Programme (the Ministry, NZTA, KiwiRail, GWRC and Horizons) prior to the signing of the RFP. s 9(2)(b)(ii)

s 9(2)(b)(ii)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

s 9(2)(b)(ii)

Releasing the tagged contingency

- 25 Budget 2023 established the process where the Minister of Transport and the Minister of Finance can draw down the tagged contingency, subject to their joint satisfaction that:
- 25.1 GWRC and Horizons can demonstrate their ability to pay their local share of the Programme and other associated metropolitan rail costs
 - 25.2 there is a process established to manage potential cost overruns.
- 26 Both GWRC and Horizons identified through their draft 2024-2034 Long-term Plans that the Programme is a high priority. Through this signalling, we believe that both councils have demonstrated their ability to pay their local share of the Programme and other associated rail costs.
- 27 Clauses 6.4 a-c of the funding agreement sets out clear processes and expectations to rescope the Programme in the event of cost overruns. This approach is to ensure every effort is made to mitigate any call for additional Crown funding over and above the tagged contingency. The Ministry will also be active participants in the LNIRIM Governance Group and will push for any potential cost overruns to be effectively managed by rescoping the Programme.
- 28 The Treasury is satisfied that the conditions of the drawdown have been met.

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

ANNEX 1- FUNDING AGREEMENT

ANNEX 2 JUNE 7, 2024, LETTER FROM CHAIR PONTER

Annex 1 is withheld under section 9(2)(b)(ii)

Annex 2 is refused under section 18(d) as it is available online: <https://www.gw.govt.nz/assets/Documents/2024/08/Response-to-Minister-of-Transport-7-June-2024-Redacted.pdf>

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

19 June 2024

OC240612

Hon Simeon Brown
Minister of Transport

THREE-MONTHLY CATCH UP WITH KEY ROAD TRANSPORT INDUSTRY BODIES

Snapshot

This meeting is your three-monthly catch up with key road transport industry bodies. The group has provided an agenda that covers a range of different topics, including the legislative programme, industry training, speed settings, immigration settings, the Clean Vehicle Standard, universal road user charges, Land Transport Rule changes, and the delivery of Roads of National and Regional Significance.

Time and date	3.30pm – 4.30pm, 20 June 2024
Venue	EW 5.1
Attendees	Simon Douglas, New Zealand Automobile Association (AA) Lee Marshall, Motor Trade Association (MTA) Greig Epps, Imported Motor Vehicle Association (VIA) Aimee Wiley, Motor Industry Association (MIA) Stewart Gibb, Collision Repair Association (CRA) Dom Kalasih, Ia Ara Aotearoa Transporting New Zealand Justin Tighe-Umbers, National Road Carriers Association David Boyce, New Zealand Trucking Association
Officials attending	Marian Willberg, Manager Freight and Supply Chain
Agenda	An agenda is provided in the Key Points.
Talking points	Background and talking points are provided in Annex 1.

Contacts

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




THREE-MONTHLY CATCH UP WITH ROAD TRANSPORT INDUSTRY BODIES

Key points

- You are due to have your three-monthly catch up with road transport industry bodies on 20 June 2024. You met with this group on 28 March 2024.
- The group has provided an agenda ahead of this meeting that covers a range of different topics, as follows:
 - What does the legislative programme look like?
 - Set up sector leadership group to consult on legislation, including new technologies and the second emissions reduction plan (ERP2)
 - Discussion about the future of the sector industry training organisation MITO
 - Discussion on the Green Party Consumer Bill and the unintended consequences
 - Discussion on the review of Speed Settings. Heads up on the anomaly between Motorways and Expressways
 - Immigration settings and the potential to damage New Zealand's productivity
 - Clean Vehicle Standard update
 - Update on universal road user charges (RUC), including non roading infrastructure in the Government Policy Statement on land transport (GPS)
 - Request for ministerial support for industry consultation at the beginning of the policy cycle
 - The Minister's view and update on matters directly in his control, particularly Land Transport Rule changes (Vehicle Dimension and Mass (VDAM) and Driver Licencing)
 - The Minister's views on how quickly we are able to move to delivery of Roads of National Significance (RoNS) and Roads of Regional Significance (RoRS)
 - Update on thinking and action on alternative road revenue generation.
- We have provided background information and suggested talking points on each of these topics in the order suggested by the agenda in Annex 1.

Biographies

<p>Simon Douglas, New Zealand Automobile Association (AA)</p> <p>Simon is Chief Policy & Advocacy Officer at AA. He has worked at AA for over 12 years.</p> <p>AA is one of the largest member organisations in New Zealand, representing around 1.8 million members.</p>	
<p>Lee Marshall, Motor Trade Association (MTA)</p> <p>Lee Marshall has been Chief Executive of the MTA since April 2023. He previously held management roles in the car rental industry.</p> <p>The MTA represents over 4,000 businesses working primarily in the following areas: general repair, service station, parts and accessories, new vehicle dealer, used vehicle dealer, collision repair and vehicle recovery.</p>	
<p>Greig Epps, Imported Motor Vehicle Association (VIA)</p> <p>Greig is Chief Executive Officer at VIA. He previously held roles at the Insurance Council of New Zealand and the MTA.</p> <p>VIA represents businesses involved in importing, preparing, wholesaling and retailing most used vehicles that are imported into New Zealand from Japan, Singapore and other source markets.</p>	
<p>Aimee Wiley, Motor Industry Association (MIA)</p> <p>Aimee has been Chief Executive Officer at MIA since April 2023. Previously, she was programme director, Low Emission Vehicles (Clean Car Discount and Clean Car Standard) for the New Zealand Transport Agency (Waka Kotahi)</p> <p>The MIA represents vehicle manufacturers operating in New Zealand through their local official distribution companies.</p> <p>The MIA represents 14 heavy vehicle (truck and bus) distributors comprising 19 different marques, covering most of the new heavy vehicle market and manufacturers of ZEHVs.</p>	
<p>Stewart Gibb, Collision Repair Association (CRA)</p> <p>Stewart has been General Manager at CRA since February 2023. He previously held roles at Shell and Z Energy.</p> <p>CRA represents around 500 members including qualified panel beaters, auto refinish painters and other car collision repair tradesman and allied businesses.</p>	

<p>Dom Kalasih, Ia Ara Aotearoa Transporting New Zealand</p> <p>Dom Kalasih is the interim Chief Executive of Ia Ara Aotearoa (he was previously General Manager). Dom has held roles at NZ Transport Agency, the Ministry of Transport and Z Energy.</p> <p>Ia Ara Aotearoa is a national industry association representing 1,200 individual members who operate a combined fleet of 14,000 vehicles.</p>	
<p>Justin Tighe-Umbers, National Road Carriers Association (NRC)</p> <p>Justin has been Chief Executive of NRC since August 2022. Prior to joining NRC he was Executive Director at the Board of Airline Representatives NZ.</p> <p>NRC represents 1,500 supply chain company members, who collectively operate over 16,000 trucks throughout New Zealand.</p>	
<p>David Boyce, New Zealand Trucking Association</p> <p>David is the CEO of the New Zealand Trucking Association – he became the founding president in 1988.</p> <p>The New Zealand Trucking Association’s membership encompasses a wide range of businesses associated with the trucking industry. It offers its members advice, advocacy and discount schemes.</p>	

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

Annex 1: Background and talking points by agenda item

THREE-MONTHLY CATCH UP WITH ROAD TRANSPORT INDUSTRY BODIES

The group has asked what the legislative programme looks like

- 1 The Ministry is working with you on how to progress your legislative priorities.

s 9(2)(f)(iv)

Talking points

- I'm currently considering my legislative priorities and the timing of Bills over our term.
- As stated in the draft GPS a number of my priorities will need legislative change to implement such as tolling and time of use charging
- I will have more to say on this in the next few months as I take items through Cabinet.

The group has called for a sector leadership group to be stood up to consult on legislation

Talking points

- Setting up a group to consult on legislation would depend on its common interests.
- For example, I understand the Road Transport Policy Group has been set up to start exploring a range of changes to some Land Transport Rules.
- As part of the Ministry for the Environment's engagement on ERP2, I understand that there will be a series of webinars, including one specifically focused on the transport sector. While officials are encouraging formal submissions to ensure views are captured accurately, Transport officials will also be available for meetings with key stakeholders.
- That said, I am interested in this group's suggestions for how a sector leadership group might operate and what the benefits of such a model might be.

The group wishes to discuss the future of the sector industry training organisation MITO

- 2 You attended a meeting on 22 May 2024 with Minister Simmonds and other Ministers to discuss advice on consultation options for implementing the commitment to disestablish Te Pūkenga. The Ministry provided your office advice to support you in these discussions (OC250545 refers).

- 3 Following this meeting, your office also received the draft cabinet paper from Minister Simmonds office on the consultation options for Vocational Education and Training reforms for comment. The Ministry provided your office with feedback on the paper by email on 11 June 2024.
- 4 MITO (previously the Motor Industry Training Organisation) provides training and support on-job learning for people working in the automotive, commercial road transport, extractives, gas and logistics industries. As per the draft cabinet paper, MITO has been proposed as the potential Industry Training Board responsible for Transport and Industries.
- 5 Feedback on this and other proposals will be sought through consultation if approved by Cabinet, with approval being sought early July.
- 6 As this is still under active consideration by Cabinet it is advised that you do not share this at this meeting, but you may wish to use this as an opportunity to hear any concerns the industry bodies may have with the future of MITO.

Talking points

- As you will know, the disestablishment of Te Pūkenga is being led by the Minister for Tertiary Education and Skills, Hon Penny Simmonds. I encourage you to engage with her office if you have not already.
- I understand you may have some concerns on the future of MITO as part of any system changes and I am interested to hear your thoughts. From your perspective, what opportunities or concerns are there for the future of MITO?

The group has raised the Green Party Consumer Bill and potential unintended consequences

- 7 In April 2024, the Consumer Guarantees (Right to Repair) Amendment Bill, a member's bill created by Green Party co-leader Marama Davidson, was drawn from the ballot and introduced to the House. The purpose of this Bill is to extend the lifetime of goods in order to keep resources in circulation and out of landfills.
- 8 This group has flagged that there are unintended consequences to this Bill, if enacted. We have suggested you ask what these are – we expect that it may be additional costs to businesses.

Talking points

- I understand that you have signalled the potential for there to be unintended consequences from this Bill, if enacted. I am interested to understand more about what these are.

The group wishes to discuss the review of speed settings

- 9 The draft Land Transport Rule Setting of Speed Limits 2024 is out for public consultation. Consultation opened on 13 June 2024 and closes on 11 July 2024.

Submissions can be emailed to the Ministry of Transport or an online survey can be filled out on the Ministry's website.

- 10 The draft Rule proposes a more balanced approach to setting speed limits to ensure economic impacts and the views of local communities and road users are considered alongside safety.
- 11 The key changes through the Rule are:
 - 11.1 Road controlling authorities (RCAs) are required to undertake cost-benefit analysis on proposed speed limit changes.
 - 11.2 Roads outside school gates will need variable speed limits during pick-up and drop-off times by 31 December 2027.
 - 11.3 The consultation requirements are strengthened and includes a requirement for RCAs to use reasonable efforts to consult specified groups, including persons that use the road for which a speed limit change is proposed
 - 11.4 Speed limit ranges for different types of roads are included the draft Rule, rather than NZ Transport Agency (NZTA) guidance.
 - 11.5 Making it easier to set speed limits of 110km/h on certain expressways.
 - 11.6 Requiring speed limit reductions on certain types of roads to reverse by 1 July 2025.
- 12 The intent behind having expressways as a category is to make it easier to set speed limits of 110km/h on roads that are built and maintained for that speed limit.
- 13 Feedback is also sought on enabling speed limits of up to 120 km/h on roads that are built and maintained, and will be managed, to safety accommodate that speed.
- 14 You may wish to encourage stakeholders to make a submission.

Talking points

- The intent behind having expressways as a category is to make it easier to set speed limits of 110km/h on roads that are built and maintained for that speed limit. What do you think of this proposal?
- I am also interested in any feedback on enabling speed limits of up to 120 km/h on roads that are built and maintained, and will be managed, to safety accommodate that speed.

The group has flagged immigration settings and their potential to damage New Zealand's productivity

- 15 We have taken this to mean that the group may raise concerns regarding the changes to the Accredited Employer Worker Visa (AEWVs) and the impacts this may have on truck and bus drivers.

- 16 As part of changes to AEWVs, new truck and bus driver applicants will no longer be eligible for the pathway to residency. The group may raise concerns about the lack of consultation before changes were made to the AEWV.
- 17 The Ministry of Business, Innovation and Employment (MBIE) considered broader consultation was not possible. This was partly because public consultation could have resulted in a sharp increase in applications under current policy settings, and partly due to time constraints.
- 18 There is some evidence that the driver shortage when the residency pathway was first established has now been reduced or resolved, but this is not certain. Structurally, however, the trucking industry has an aging workforce and increased training of New Zealanders to fill demand may not have been as effective as sought by the Transport Sector Agreement.
- 19 If raised, you could ask what progress the industry is making in addressing skills shortages over the longer term and refer more detailed questions regarding immigration settings to the Minister of Immigration and MBIE.
- 20 You may also wish to ask the group what other challenges to New Zealand productivity may arise due to immigration settings.

Talking points

- How do you see immigration settings contributing to New Zealand productivity?
- I understand that skills shortages are an ongoing concern for your sectors and that immigration and training settings are tools to address these shortages. What is industry doing to address skills shortages in the long term and what do you see as Government's role in supporting this?

The group has requested an update on the Clean Vehicle Standard

- 21 The cabinet paper, climate implications of policy assessment (CIPA) and regulatory impact statement to progress your decisions on the review of the Clean Car Standard's targets are being amended to reflect updated estimates of the Standard's emissions abatement potential. The intention is that these document will be finalised and lodged to enable consideration by the Cabinet Economic Policy Committee on 3 July 2024.
- 22 The Land Transport (Clean Vehicle Standard) Amendment Bill has been introduced and awaits passage through the House. The Bill creates two empowering provisions for regulations to be made. The first is to enable regulations for the cost-recovery of the administration costs of the Standard. The second is to enable the Standard's targets for 2025–2027 to be set by regulation.

Talking points

- I will shortly be bringing proposals to reset the Clean Car Standard's targets to Cabinet. I am grateful for the engagement of the MIA, VIA, MTA and AA in the review of the Standard that informed these proposals.

- On 30 May I introduced the Land Transport (Clean Vehicle Standard) Amendment Bill into the House. This Bill is important because it will enable the Standard's targets for 2025–2027 to be reset by regulation, rather than through an amendment to the Land Transport Act. This will streamline implementation of Cabinet decisions on the targets. This is critical to ensure that any changes to targets can be made quickly to provide certainty for the vehicle industry.
- The Bill also enables regulations for the cost-recovery of the administration costs of the Standard. As you know from my letter of 31 May, I welcome input from the vehicle industry and the AA on the design of any cost-recovery mechanism. I intend to consult on the design of the cost recovery mechanism.

Update on universal RUC, including non roading infrastructure in the GPS

Talking points – universal RUC

- Improving the land transport system and reforming the revenue system are priorities for this government and relate to specific commitments in the coalition agreements.
- I will be taking a paper to Cabinet later this month outlining my aspirations for transport funding and seeking approval to an action plan that will reform how we pay for roads and roading infrastructure. Moving the fleet to RUC is a key part of the plan.
- RUC will be a fairer system for all motorists. Motorists paying at the pump are currently charged different amounts for travelling the same distance depending on the fuel efficiency of their vehicles. With RUC, road users will pay directly for their actual road usage.
- We have already taken the first step by moving electric vehicles into the RUC system.
- Moving all vehicles to RUC is a huge task for the Government and the 3.5 million vehicle owners who currently pay excise at the pump. This work cannot be rushed and needs careful planning so I have asked officials to explore transition options.
- I am interested in market-led solutions that will make it easier for motorists to comply with and navigate the RUC system.
- s 9(2)(g)(i)

Talking point – non roading infrastructure in the GPS

- Rail investment remains within the GPS but this will no longer be cross subsidised with revenue from road users. Investment in rail is outlined in the draft GPS, and additional funding for the rail network has been secured through Budget 2024 for this purpose. Through Budget and GPS 2024 rail will be receiving \$3 billion of funding over the next four years.

The group has made a request for ministerial support for industry consultation at the beginning of the policy cycle

- 23 We suggest you make the point to this group that industry consultation (and at what stage of the policy cycle it occurs) often depends on what is being consulted on and if there are any sensitivities.
- 24 For example, broader consultation was not considered possible for the changes to the AEWV due to the potential operational impacts (a potential sharp increase in applications) and time constraints.

Talking points

- Decisions around industry consultation and at what stage of the policy cycle it should occur often depend on what is being consulted on.
- That said, ministers and officials should always be seeking to understand the views of industry, using meetings such as this to build that perspective.

The group has asked for your view and update on Land Transport Rule changes

- 25 Industry has raised concerns about several Land Transport Rules (Rules), seeking a review of the Rules to streamline them and remove barriers to industry. An example of changes sought from both industry and manufacturers include an update to the Land Transport Rule: Vehicle Dimensions and Mass (VDAM) 2016 as the current rule limits the uptake of battery electric trucks
- 26 To start exploring a range of changes to some Rules, the Road Transport Policy Group has been set up. The group is led by officials from NZTA and includes the Ministry and representation from Ia Ara Transporting NZ, National Road Carriers Association and the NZ Trucking Association. Your office has received a briefing on the group from NZTA (BRI-3021 refers).
- 27 The Road Transport Policy Group is focussing on Rules that impact the freight sector and currently four legislative changes have been identified as a priority for the industry representatives in the group, these are:
- 27.1 The Land Transport Rule: Vehicle Dimensions and Mass 2016
- 27.2 The Transport Services Licensing regime under the Land Transport Act 1998
- 27.3 Land Transport Rule: Worktime and Logbooks 2007, and
- 27.4 The Land Transport (Driver Licensing) Rule 1999.
- 28 The Road Transport Policy Group is taking a focussed approach to discussing the Rules and is looking into operational changes where possible in the first instance, and assisting in gathering evidence to support potential legislative change once operational avenues are exhausted. Any changes to the Rules would need to be considered against wider policy priorities and work programmes.

Talking points

- We will need to make sure that our policies and rules enable the industry to innovate and invest in new technologies.
- I understand that discussions are already underway with officials on how we can address regulatory barriers to the Land Transport Rules through operational changes in the first instance and that some of you are involved in these. I encourage you to continue these discussions with officials.

The group has asked for your views on how quickly RoNS and RoRS can be delivered

- 29 The GPS is currently being finalised and will be released before 1 July 2024. The GPS will outline the current programme of RoNS and RoRS projects, and more RoNS and RoRS may be added over time.

Talking points

- I have provided NZTA with additional funding through Budget 2024 to accelerate delivery of the Roads of National Significance (RoNS). Expected dates for phases of RoNS will be outlined in the State Highway Investment Proposal and confirmed in the National Land Transport Programme which I expect to be published in September following release of the final Government Policy Statement on land transport 2024.
- The Roads of Regional Significance (RoRS) are largely funded through direct Crown funding, with NZTA having delegated decision rights around project scope and delivery. Some of the RoRS are already in construction, with others still in design. I'm expecting an accelerated delivery of the projects that aren't in construction.
- In the GPS 2024 I have also outlined my expectation to the NZTA that it considers all relevant delivery models in progressing any project, including models where the NZTA may not be the delivery entity, to enable projects to be delivered as quickly as possible. This expectation applies to the Roads of National Significance and Roads of Regional Significance.

Update on thinking and action on alternative road revenue generation

Talking points – value capture

- Improvements to transport infrastructure can significantly impact land values and it is fair that this revenue is recycled back into the transport system.
- Some of the transport projects we have committed to will unlock large amounts of housing, and value capture tools will help ensure that the property owners benefiting from that investment contribute.
- Officials across departments are working together on the role of value capture in transport funding. While the Ministry of Housing and Urban Development is taking the lead, there will be opportunities to improve how value capture can fund transport infrastructure, and the Ministry of Transport will support this work.

Talking points – public-private partnerships (PPP)

- PPPs have potential to improve efficiency of delivery, as well as optimising finance approaches for infrastructure delivery.
- My officials will engage with the Infrastructure Commission, leading this work, in ensuring that we consider how we can improve the framework for the use of PPPs to work alongside the transport revenue system changes.

Talking points – tolling reform

- I have kicked off work to review tolling settings. The GPS indicates all new roads will be tolled where it is possible and cost effective. Revenue is tight, so tolling has a role in supplementing existing revenue streams.
- I want to explore reforms to improve the viability of tolling within the LTMA framework and will have more to say about the scope of this work soon.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

26 June 2024

OC240719

Hon Simeon Brown
Minister of Transport

MEETING WITH CENTREPORT

Snapshot

CentrePort has asked to meet with you to discuss New Zealand's freight and supply chain, energy provision/consumption, the Cook Strait ferries, and the linkages between these three areas.

Time and date	4.50 – 5.20pm, 27 June 2024
Venue	EW 5.1
Attendees	Anthony Delaney, CentrePort Chief Executive
Officials attending	Rory Sedgley, Principal Advisor Freight and Supply Chain.
Agenda	<ul style="list-style-type: none"> • New Zealand's freight and supply chain • Energy provision/consumption • The Cook Strait ferries • The linkages between the above three areas.
Talking points	Talking points are provided in Annex 1.

Contacts

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

Meeting with CentrePort

Key points

CentrePort has requested to meet with you to discuss New Zealand's freight and supply chain, energy provision/consumption, the Cook Strait ferries, and the linkages between these three areas.

Officials do not know whether CentrePort has a more specific connection or proposal to discuss with you in relation to these topics. Background on each point is provided below and suggested talking points are provided in Annex 1. Officials anticipate that the Cook Strait connection will be CentrePort's priority area for discussion.

Background

- 1 CentrePort is jointly owned by Greater Wellington Regional Council (77%) and Horizons Regional Council (23%). In addition to CentrePort's key role in the national freight system as the North Island terminus for the Cook Strait ferries, it also operates as a container port, a log export port, and a vehicle import port, and plays an important role in fuel distribution for the lower North Island.

Cook Strait

- 2 CentrePort is aware that the Ministerial Advisory Group (MAG) has recently provided its advice to Ministers on key matters related to Ministers' choices for potential replacement Cook Strait ferries and transitioning replacement ferries into service.
- 3 The MAG recommended that the Government ^{s 9(2)(f)(iv)} [REDACTED] as a result of receiving advice from the MAG and the Ministry of Transport.
- 4 In a submission to the MAG, CentrePort noted that in order for it ^{s 9(2)(b)(ii)} [REDACTED]

^{s 9(2)(b)(ii)} [REDACTED]

s 9(2)(b)(ii)



5 It is clear from the above request that CentrePort's preference is to s 9(2)(b)(ii)

6 CentrePort has also advised that it would work to provide port and landside infrastructure for a single user RoPax ferry operator based at Kaiwharawhara as an immediate focus and in parallel, with stakeholders, plan and deliver a multi-user ferry terminal facility as a long-term solution. CentrePort has been a long standing proponent of a multi-user ferry terminal and will likely raise this with you.

7 We recommend you note that the priority for the Government is replacing the current aging vessels and that Cabinet is unlikely to support a multi-user ferry terminal in the short to medium term.

8 CentrePort will likely also raise that s 9(2)(b)(ii)

CentrePort may want to understand how long you expect the existing infrastructure will be required for. You could note that recent advice from a third party (Det Norske Veritas) suggested that the existing ferries could continue to safely operate until 2029 and your expectation is that KiwiRail will continue to maintain the ferries to a safe level until then.

9 CentrePort is also aware that the Ministry was tasked with reviewing the conditions that need to be in place to ensure a resilient Cook Strait connection and identifying significant impediments to a market response in the hypothetical event that KiwiRail decide to exit the market. Ministry officials met with and toured CentrePort in preparation of its advice.

10 s 9(2)(f)(iv)

. We recently provided you with our concluding advice on what options are available to the Government to maintain a resilient Cook Strait connection.

11 You could note to CentrePort that the Ministry's advice will be released to the public in due course, but Cabinet must first consider it and take decisions.

Energy Provision/consumption

12 CentrePort has positioned itself as an industry-leader in lowering emissions. Recent projects include:

- 12.1 Introduction of fully electric container movement vehicles in 2020, drawing on a \$15 million green credit facility from New Zealand Green Investment Finance
- 12.2 A \$5 million investment (including \$0.5 million support from the Energy Efficiency and Conservation Authority (EECA)) to trial shore power at CentrePort. This was originally intended to enable StraitNZ Bluebridge ferries to connect to shore-power at Kings Wharf. StraitNZ has since cancelled its project to hybridise its ferries, so EECA and CentrePort are rescoping the project to allow trialling the shore power facility with CentrePort's Kōkako refuelling vessel. ^{s 9(2)(b)(ii)}
- 12.3 A \$3 million project (including \$0.5 million support from EECA) to demonstrate the ability for the largest heavy electric vehicles to operate a closed loop supply chain, transporting 40-foot containers between Whanganui and Wellington. The project is progressing well.
- 13 Officials understand that CentrePort may be interested in wider opportunities for electrification and improved energy efficiency at the port and in the wider port area, including via electrical connections between the CentrePort facility and the Kaiwharawhara substation. CentrePort may highlight some of the co-ordination challenges involved given the parties involved sit across the maritime, freight and energy sectors.

Freight and Supply Chain

- 14 CentrePort operates a network of hubs in New Plymouth, Whanganui, Palmerston North, Wairarapa and Marlborough for various sectors (including container and bulk cargo and logging) with operations connecting markets by road and rail.
- 15 CentrePort has been generally supportive of the strategic priorities in the draft Government Policy Statement on land transport 2024 (draft GPS), while emphasising the need for a multi modal transport network that provides transport users and operators with choice in the supply chain. CentrePort's submission on the draft GPS expressed support for:
- 15.1 growing coastal shipping to add diversity to the New Zealand supply chain
- 15.2 Roads of National Significance (RoNS) in the Lower North Island to improve the efficiency of freight and passenger transport through central New Zealand, including between islands
- 15.3 investment in passenger rail including to provide benefits for rail freight capacity as part of a multi modal system that is more resilient and efficient.
- 16 CentrePort also submitted that investment in RoNS should realise the higher payloads of modern trucks, to improve cargo utilisation and reduce carbon emissions.
- 17 CentrePort may ask about the Freight and Supply Chain Strategy released by the previous government in August 2023. There was extensive stakeholder engagement throughout the Strategy's development and the research and analysis of the long-term challenges to New Zealand's freight and supply chain system has provided

helpful insights. Specific actions and priorities to support the sector are still to be clarified.

- 18 CentrePort may have insights to share about current challenges facing New Zealand's freight and supply chain sector. Although exports are flat and imports are down, productivity at some ports continues to be a challenge. Officials understand that impacts from disruption in the Red Sea are becoming more apparent globally, with overseas ports experiencing congestion. New Zealand ports can struggle to have the flexibility and capacity to accommodate ships arriving outside of berthing windows, with the effect that ships are losing further time in New Zealand ports. CentrePort has more capacity than most New Zealand ports, and has a reputation for good productivity performance, but delays at one port can cascade through the wider supply chain.

Biographies

Anthony Delaney, Chief Executive, CentrePort



Anthony was appointed CentrePort CE in May 2022, having previously held the roles of General Manager Regeneration and General Manager Infrastructure and Environment since joining CentrePort in 2016. He has acted as a Project Director on major infrastructure projects in both Australia and New Zealand. Anthony is experienced in the planning and delivery of projects, and the asset management of large-scale infrastructure businesses. He has a civil engineering degree, and a Bachelor of Commerce, from the University of Wollongong.

Annex 1: Talking Points

Cook Strait

- The Ministerial Advisory Group (MAG) recently provided its advice to Ministers on key matters related to Ministers' choices for potential replacement ferries and transitioning replacement ferries into service.
- The details of infrastructure investment to support replacement ferries are under active consideration, but we want to take a collaborative approach to working with the ports. I appreciate that a no-surprises approach will greatly benefit the port when it comes time to construct new terminals.
- Cabinet will consider what options are available to the Government to maintain a resilient Cook Strait connection in the long term.
- The Government's priority is to replace the current aging vessels. It is unlikely that we would financially support a multi-user ferry terminal in the short to medium term.

In case you are asked about emergency response capability

- Budget 2024 provided funding for the Ministry of Transport and Maritime NZ to progress the completion of a Business Case and Cabinet paper by December 2024 looking at emergency ocean response capability options.
- Budget 2024 also included a tagged operating contingency for implementing the preferred option of the emergency ocean response capability business case s 9(2)(f)(iv)

Energy Provision/consumption

- **Questions:** How have CentrePort's decarbonisation plans been affected by the cancellation of IReX? From your perspective, what is the role for Government?

Freight and Supply Chain

- The GPS is currently being finalised and will be released before 1 July 2024. Rail investment remains within the GPS but will no longer be cross subsidised with revenue from road users. Investment in rail is outlined in the draft GPS, and additional funding for the rail network has been secured through Budget 2024 for this purpose. Through Budget and GPS 2024 rail will be receiving \$3 billion of funding over the next four years.
- The focus of this Government is on supporting businesses to be productive.
- **Question:** Outside of funding and the actions in the GPS, what do you think government should or could be doing to improve the productivity of our freight and supply chain systems?

24 June 2024

OC240650

Hon Simeon Brown
Minister of Transport**Action required by:**
Sunday, 30 June 2024

NZTA PERFORMANCE: QUARTER THREE REPORT FOR 2023/24

Purpose

This briefing provides you with an analysis of NZTA performance during the nine-month period to 31 March 2024, including issues you may wish to raise with the Chair.

Key points

- Recently published research by the Infrastructure Commission highlights the importance of productivity and scope as important determinants of infrastructure construction costs.
- There has been a significant deterioration in NZTA's investment programme during 2023/24, with the percentage of large capital projects off track and unlikely to recover increasing from 0.0% in the first quarter to 62.5% in the third quarter.
- NZTA provides a partial explanation for this deterioration, including internal resource and supplier capacity constraints, and ongoing cost pressures.
- The Ministry will seek to clarify how well the Board is aware of and addressing this decline in project delivery performance; and improve the quality of project information provided by NZTA in future quarterly reports.
- There is an opportunity for you to attend the next NZTA Board meeting on 22 August 2024 to reinforce your expectations and priorities and discuss some of the key challenges and opportunities facing the entity.

Recommendations

We recommend you:

- 1 **note** that you received NZTA's quarter three performance report on 31 March 2024, which documents progress made during the first nine months of 2023/24 against the targets outlined in its 2023/24 Statement of Performance Expectations

2 **note** the significant increase in NZTA capital projects that are off track and unlikely to recover by year-end and the growing risk profile of NZTA's capital programme

3 **agree** to attend the next NZTA Board meeting on 22 August 2024.

Yes / No



David Wood
Deputy Chief Executive, Investment & Monitoring

..... / /

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
Chris Jones, Principal Adviser	s 9(2)(a)	✓
David Wood, DCE Investment & Monitoring		

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

NZTA PERFORMANCE: QUARTER THREE REPORT FOR 2023/24

Background

- 1 On 5 June, you received NZTA's quarter three performance report to 31 March 2024. This report documents progress made during the first nine months of 2023/24 against the targets outlined in its 2023/24 Statement of Performance Expectations (SPE).
- 2 While this was an improvement on the timeliness of the quarter two report, it was still one month later than the preferred due date you signalled to the Chair as part of your feedback on the Q2 report. The NZTA Chair noted that the quarterly report is being redesigned for the first quarter of 2024/25 to ensure that it responds to your letter of expectations and is delivered in a timely manner.
- 3 We have been cautious in assessing NZTA performance against the current 2023/24 SPE, as it was finalised at a time when there were new Government priorities. For this reason, the briefing takes a broader approach to assessing NZTA performance, as well as drawing upon more recent performance data.
- 4 This briefing takes an exceptions-based approach to assessing NZTA's performance, by primarily focussing on those activities and measures that are not on track and unlikely to be delivered by year-end.

Financial performance

- 5 Total NLTF revenue in the nine months to 31 March 2024 was six percent (\$215 million) *above* budget due to significantly higher-than-expected Crown revenue for North Island Weather Event (NIWE) recovery. FED and RUC revenue remains below budget, reflecting subdued economic conditions.
- 6 NLTF-funded expenditure of \$4,666 million in the nine months to 31 March 2024 was also higher than budget, primarily driven by a steep increase in (largely NIWE-related) maintenance expenditure¹. Forecast NLTF-funded expenditure for 2023/24 is \$6,705 million, six percent higher than budget.
- 7 Looking at expenditure trends over the 2021-24 GPS period, state highway maintenance more than doubled from \$578 million in the nine months to March 2022, to \$1,221 million in the nine months to March 2024. By comparison, local road maintenance expenditure increased 72 percent to \$808 million over the same period, and rail investment increased 87 percent to \$388 million. Total NLTF-funded expenditure increased 42 percent to \$4,666 million in the nine-month period to 31 March 2024, compared with the equivalent period in 2022.
- 8 Figure 1 summarises expenditure trends over the 2021-24 period - both NLTF-funded and Crown-funded. Crown-funded expenditure more than doubled to \$782 million in the nine months to March 2024 compared with the same period in 2022². Total

¹ State highway maintenance expenditure was 48 percent higher than budget, at \$1,221 million, while local road maintenance expenditure was 23 percent higher than budget, at \$808 million.

² Mainly due to the NZ Upgrade Programme, which has since been rebranded and rebaselined.

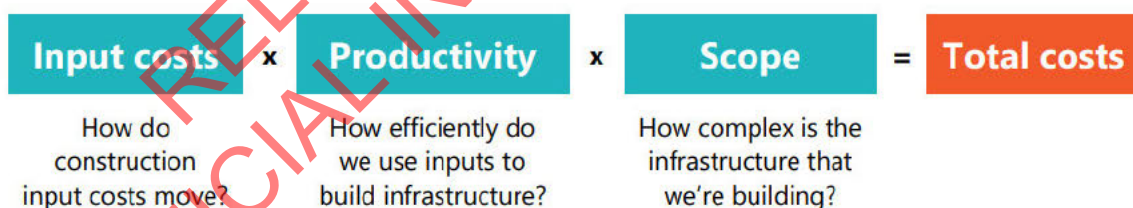
expenditure increased nearly 50 percent to \$5,448 million in the nine months to March 2024.

Figure 1: NZTA Expenditure Growth (\$ million)

\$ million	9 months to Mar 2022	9 months to Mar 2023	9 months to Mar 2024
NLTF-funded spend	3,287	3,909	4,666
Crown-funded spend	387	426	782
Total spend	3,674	4,335	5,448

- 9 COVID-19 played a significant role in boosting NZTA expenditure, both directly and indirectly. The direct impact is via NZUP, which was designed as a fiscal stimulus to the NZ economy. The indirect impact was COVID-19's impact on supply chains and input costs, which are still being felt today. The extreme North Island weather events of early 2023 also had a significant impact, particularly during the second half of the 2021-24 GPS period.
- 10 It's difficult to isolate the impact of price and output changes over the 2021-24 period and to determine whether NZTA achieved value for money from this expenditure. However, it's worth reflecting on recently published research by the Infrastructure Commission on input costs and the extent to which infrastructure providers such as NZTA can control cost drivers³.
- 11 The Infrastructure Commission notes that construction costs are volatile and rising, and that since 2000 "... no other industry has seen the costs of its inputs rise faster than construction." It also identifies three key factors that influence the costs of infrastructure construction: input costs, productivity, and scope of the project – refer to Figure 2 below.

Figure 2: Factors That Influence Infrastructure Construction Costs



- 12 While NZTA and policy makers have limited influence over input costs (such as materials and labour), they have a high degree of influence over productivity and project scope & design issues. While scope changes can be made and influence construction costs relatively quickly, productivity changes can take many years to become embedded. The Infrastructure Commission concludes that "...our research highlights that rather than a silver bullet, addressing infrastructure construction costs in both the short and long term will require a suite of solutions targeted at specific factors."

³ Why do construction input costs change? The role of global and local factors (Dec 2023). Available <https://media.umbraco.io/te-waihanganga-30-year-strategy/br2nrbt1/why-do-construction-input-costs-change.pdf>

- 13 This research provides useful insights for the NZTA Board and Ministry (as your monitoring department). In practical terms, this means ensuring that:
- 13.1 The Board complies with the Cabinet-endorsed investment management system (including Cabinet Office circular CO (23) 9), which seeks to optimise value from new and existing investments.
 - 13.2 There is adequate transparency and accountability with respect to NZTA investments and project delivery.
 - 13.3 The Board is focussed on improving productivity and scoping / designing projects to minimise whole-of-life costs.
 - 13.4 NZTA has the right policies, systems, capabilities and incentives to deliver cost-effective project outcomes.
 - 13.5 The Productivity and Efficiency Plan drives the right behaviours and outcomes and is therefore successful in reducing costs and improving value for money.

Delivery performance

- 14 The Q3 performance report provides a partial view on NZTA's delivery performance, by tracking progress of 17⁴ significant capital projects against SPE milestones. The Q3 report notes that four of these projects are on track to meet SPE milestones by year-end, whereas two of these projects are not on track but *likely* to recover by year-end and the remaining ten are not on track and *unlikely* to recover.
- 15 Figure 3 summarises the growing percentage of NZTA significant capital projects that are off track and unlikely to recover by year-end (and conversely the declining percentage of projects that are on track) from Q1 to Q3 of 2023/24. This represents a material deterioration in NZTA's delivery performance during 2023/24 and raises concerns about NZTA's forecasting and/or ability to deliver in accordance with project budgets and timelines.

Figure 3: Changing Status of NZTA Significant Capital Projects (% of total)

	Q1 FY24	Q2 FY24	Q3 FY24
Not on track and unlikely to recover	0%	25%	62.5%
On track to meet milestones	65%	50%	25%

- 16 Despite the deterioration in the number of capital projects on track, project risk ratings have remained relatively stable. Of the 10 projects in Q3 that are off track and unlikely to recover, the following four are assessed as high / critical risk:

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

⁴ Now 16 projects, after the cancellation of Let's Get Wellington Moving.

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

- 17 NZTA notes that the deterioration in delivery is due to "...limited internal resource and supplier capacity" and that it continues to experience "unprecedented cost challenges⁵...which will come through as escalations or claims in future reporting periods."
- 18 These statements raise questions about the extent to which the Board is aware of and actively managing these internal capability, market capacity and cost pressure issues⁶. The Ministry will work with NZTA to clarify the quality and timeliness of project information provided to the Board (via the Investment and Delivery Committee) and how effectively it's mitigating project delivery risks.
- 19 The Ministry will also work with NZTA to improve the transparency (i.e. quality and timeliness) of project information provided in future quarterly reports, as this information currently provides limited insight into NZTA performance.

Key risks

- 20 NZTA's key risks have not materially changed over the past three months (with the exception of project delivery risks).
- 21 However, the Q3 report notes that NZTA is going through a period of adjustment to meet new government priorities and expectations and that "This transition and current economic and global environmental factors naturally heighten inherent people, fraud, delivery and change risks which are being monitored and managed carefully."
- 22 Given the challenging strategic environment and difficult investment trade-offs facing the Board and Government over the 2024-27 GPS, it would be beneficial for you to have a discussion with the Board about its risk appetite and/or tolerance⁷ to ensure that these are aligned to your expectations.
- 23 For example, you may be prepared for the Board to take calculated risks with initiatives designed to increase productivity (such as its digital change programme) but have relatively low tolerance for cost and time overruns on large-scale infrastructure programmes. If you have specific risk-related expectations, it's important for the Board to understand these to mitigate potential principle-agent problems.

⁵ The construction sector Producer Price Index (a proxy for NZTA cost pressures) increased 3.2 percent in the year to March 2024, compared with 10 percent in the year to March 2023.

⁶ In addition to the productivity and project scope issues referred to above.

⁷ Risk appetite is defined as "the amount of risk that an organisation is willing to accept to achieve its objectives" whereas risk tolerance is about controlling risk and is defined as "the acceptable deviation from the level set by the risk appetite and business objectives" (Source: <https://www.isaca.org/resources/news-and-trends/isaca-now-blog/2022/risk-appetite-vs-risk-tolerance-what-is-the-difference>).

Next steps

- 24 We recommend that you review this briefing alongside NZTA's Performance Report: Quarter Three 2023/24 (which you received on 5 June 2024).
- 25 The Ministry also believes there would also be value if you attended the next NZTA Board meeting on Thursday 22 August 2024 - to reinforce your expectations and priorities, discuss some of the key issues and risks facing the Board and (if appropriate) share any thoughts on your risk appetite and/or tolerance. Note that this board meeting is scheduled to be held in Wellington and involve a strategic planning day on 23 August.
- 26 If you agree with this recommendation, the Ministry would be happy to liaise with NZTA to confirm your attendance and help you prepare for the meeting.
- 27 Note that NZTA does not traditionally prepare a quarter four report. Instead, it provides an early draft of the Annual Report to provide a heads-up on year-end results. NZTA advises that a first draft of its 2023/24 Annual Report will be made available to the Ministry mid-August, and that the Board is likely to sign off a final version of the Report at its 16 September meeting. The Ministry will provide you with a briefing on NZTA's 2023/24 Annual Report as soon as possible after the September board meeting.

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982