

OC241287

5 December 2024

Tēnā koe [REDACTED]

I refer to your email dated 4 November 2024, requesting the following briefings under the Official Information Act 1982 (the Act):

- *Progressing the Chatham Islands Replacement Shipping Service Project*
- *Update on Disestablishment of Auckland Light Rail*
- *Public Transport Policies Direction*
- *Seeking Direction on the New Speed Rule Post Consultation*
- *Aide Memoire: Cook Strait Ferry Capacity*
- *Review of NZTA's Short-Term Borrowing Facility*
- *Chatham Islands Shipping Service - Early Confirmation of In Principle Expense Transfer*
- *Outstanding Decisions on Auckland Light Rail Limited*
- *Aide Memoire: ERP2 Transport Chapter - Options for Further Content*
- *4 Climate Priorities Ministerial Group 23 September 2024 Meeting*
- *Event - Luncheon with Drive Electric Members 11 October 2024*

On 29 November 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 search and consultations.

Of the 11 briefings requested, eight are released with some information withheld or refused, two are withheld in full and one is refused.

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

9(2)(a) to protect the privacy of natural persons

- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
- 9(2)(h) to maintain legal professional privilege
- 9(2)(j) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
- 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	2/8/2024	Progressing the Chatham Islands Replacement Shipping Service Project	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
2	2/8/2024	Update on Disestablishment of Auckland Light Rail	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(j).
3	6/8/2024	Public Transport Policies Direction	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
4	7/8/2024	Seeking Direction on the New Speed Rule Post Consultation	Refused under section 18(d). This is one of a tranche of papers relating to the speed rule that is being prepared for proactive release. When published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
5	7/8/2024	Aide Memoire: Cook Strait Ferry Capacity	Withheld in full under section 9(2)(f)(iv).
6	8/8/2024	Review of NZTA's Short-Term Borrowing Facility	Withheld in full under section 9(2)(f)(iv).
7	16/8/2024	Chatham Islands Shipping Service - Early Confirmation of In Principle Expense Transfer	Released with some information withheld under sections 9(2)(a) and 9(2)(b)(ii).
8	30/8/2024	Outstanding Decisions on Auckland Light Rail Limited	Released with some information withheld under sections 9(2)(a) and 9(2)(j).
9	13/9/2024	Aide Memoire: ERP2 Transport Chapter - Options for Further Content	Released with some information withheld under sections 9(2)(a) and 9(2)(f)(iv).
10	20/9/2024	Climate Priorities Ministerial Group 23 September 2024 meeting	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(h). Annex 1 is refused under section 18(d) and when published will be available here: https://environment.govt.nz/
11	27/9/2024	Event - Luncheon with Drive Electric Members 11 October 2024	Released with some information withheld under sections 9(2)(a) and 9(2)(f)(iv).

2 August 2024

OC240740

Hon Matt Dooney**Action required by:****Associate Minister of Transport**

Friday, 9 August 2024

cc Hon Simeon Brown

Minister of Transport

PROGRESSING THE CHATHAM ISLANDS REPLACEMENT SHIPPING SERVICE PROJECT

Purpose

This briefing updates you on progress with securing a replacement shipping service for the Chatham Islands and seeks your approval of the proposed approach to circulate a Request for Information (Rfi) with the objective of collecting as much information as possible from potential suppliers on their ability to meet the freight tasks needed for the Chatham Islands.

Key points

- On 9 April 2024, you wrote to the Chatham Islands Enterprise Trust (CIET) to inform them of the government's decision not to purchase a new bespoke vessel to replace the *Southern Tiare*, and that you had instructed officials to investigate purchasing second hand vessels or charter arrangements.
- The *Southern Tiare* has returned to service, completing its repairs in Auckland on 12 July 2024. The vessel is expected to prioritise the movement of livestock from the islands as well as resume regular fuel and freight deliveries.
- It is estimated that the 38-year-old vessel can continue trading until its next special survey, scheduled for March 2026, but is unlikely to remain seaworthy past this date.
- While the *Southern Tiare* was out for repairs March–July 2024, three working groups were set up by the Ministry of Transport (the Ministry) to tackle fuel resilience, livestock, and long-term shipping issues. Lessons learned from the fuel resilience and livestock working groups have informed the approach to finding long term shipping solutions.
- The long-term shipping solution working group proposes circulating a Request for Information (Rfi) to the coastal shipping market with the objective of collecting as much information as possible from potential suppliers on their ability to meet the

freight tasks needed for the Chatham Islands. This information would then inform whether a formal Request for Proposal (RfP) process would be viable.

- The Ministry is seeking your approval for proposed approach of releasing an Rfl. This approach would not commit the Crown to any funding and would not require a drawdown of the tagged contingency. An early draft copy of the proposed Rfl document has been attached as **Annex 1**.
- There is a risk that the Rfl receives few or no responses. The Ministry intends to mitigate this risk by actively disseminating the Rfl to the sector and engaging with known potential suppliers.
- If viable responses are received from an Rfl, the Ministry will seek to run a closed tender RfP. At this point the Ministry is likely to need to seek approval from Joint Ministers (Transport, Finance, and Internal Affairs) to draw down from the *Supporting a Chatham Islands Replacement Ship to Enable Critical Transportation Services* tagged contingency.

Recommendations

We recommend you:

- 1 **note** that the *Southern Tiare* has returned to regular service but is unlikely to operate beyond March 2026
- 2 **note** that a working group, chaired by the Ministry of Transport, has worked through alternative solutions to buying a new vessel, in order to replace the services of the *Southern Tiare*
- 3 **agree** to the Ministry of Transport circulating an Rfl to potential shipping operators with the objective of collecting as much information as possible on their ability to meet the freight tasks needed for the Chatham Islands. Yes / No
- 4 **note** that circulating an Rfl does not commit the Crown to funding any services from respondents.
- 5 **note** that if viable responses are received from the Rfl, Joint Minister approval would be needed before beginning an RfP process.



David Wood
**Deputy Chief Executive, Investment
and Monitoring**

Hon Matt Doocey
Associate 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)	✓
Bryan Field, Manager, Programme Monitoring and Investment Management		
Cameron Elliott, Senior Adviser, Programme Monitoring and Investment Management		

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PROGRESSING THE CHATHAM ISLANDS REPLACEMENT SHIPPING SERVICE PROJECT

Background

- 1 The Chatham Islands (the Islands) are currently served by the 38-year-old vessel *Southern Tiare*, with services operated by Chatham Islands Shipping Limited (CISL), a subsidiary of the Chatham Islands Enterprise Trust (CIET). The vessel is reaching the end of its service life and has become increasingly unreliable and is unlikely to continue operating beyond 2026.
- 2 The *Southern Tiare* is dual-purpose, with livestock being the predominant freight from the Islands to the mainland, while the inward voyage carries a range of goods necessary for the community's needs, including groceries, petrol, and diesel (the primary fuel for electricity generation on the Islands). The dual-purpose configuration of the vessel provides limitations in terms of use, impinging on available space and requiring time to re-configure each voyage, also complicating the design of a potential replacement vessel.
- 3 The previous government set aside \$35.1 million in contingency funding to repair and replace the *Southern Tiare* from a Budget 2022 initiative. However, In April 2024, direction was sought from Joint Ministers on how to move forward the Chatham Islands Vessel Replacement project. Costs for a new vessel were estimated to be more than \$35 million, and only \$25.3 million remained in the tagged contingency due to costs for repairs to the *Southern Tiare*. An additional drawdown request for \$1 million was made in July 2024 (OC240765 refers) leaving only \$24.3 million available in the tagged contingency if the request is approved.
- 4 s 9(2)(g)(i)
A large grey rectangular redaction box covers the text of paragraph 4. The text 's 9(2)(g)(i)' is written in red above the top-left corner of the box. A large, diagonal red watermark reading 'RELEASED UNDER INFORMATION ACT 1982' is overlaid across the entire page.
- 5 Joint Ministers decided not to proceed with purchasing a new bespoke vessel to replace the *Southern Tiare*, instructing the Ministry of Transport and Ministry for Primary Industries (MPI) officials to work together to find a short-term solution to move livestock off the islands and for Ministry of Transport officials to work with the Chatham Islands community to procure a long-term shipping solution.
- 6 On 9 April 2024, you wrote to CIET to advise that the government would no longer be purchasing a new vessel and that you would be instructing officials to begin looking for alternative shipping solutions.

Repairs to the Southern Tiare have caused significant supply chain, animal welfare, and economic issues on the Islands.

- 7 In late March 2024, the *Southern Tiare* went into dry dock in Auckland to complete its annual survey¹ and emergency repairs. Originally expected to be completed in May, significant structural issues were uncovered during the survey, resulting in the vessel remaining in Auckland until 12 July 2024. As a result, the Chatham Islands community has been without a regular shipping service resulting in shortages of fuel and food deliveries to the Island and no freight imports or exports.
- 8 Furthermore, there is a significant backlog of livestock on the Islands waiting to be shipped to the mainland for processing estimated to be approximately 28,000 sheep and 7,000 cattle. This backlog has created a significant animal welfare risk on the Chatham Islands, with farmers not being able to feed the extra animals over the winter months.
- 9 In response, MoT convened three working groups comprising government officials, Chatham Islands Council officials, and CIET to respond to fuel shortages, animal welfare, and long-term shipping issues.

Finding a replacement shipping service

- 10 Lessons learned from the recent shipping outage, coupled with work done since the Budget 2022 funding was announced, have uncovered numerous challenges to finding a vessel to service the Chatham Islands.
- 11 The focus of work prior to April 2024 was to purchase a vessel that would be a like-for-like replacement of the *Southern Tiare*, that being a vessel capable of transporting livestock to the mainland from the Islands as well as carrying the range of goods necessary for the Chatham Islands community's needs (including groceries and fuel for vehicles and electricity generation). The vessel specifications would also need to be compatible with the wharf infrastructure at Waitangi: for example, it would need an onboard crane, would need to be a maximum of 80 metres in length, and have a maximum draught of 3.8 metres.²
- 12 These specifications have made it challenging for the livestock working group (tasked with finding a vessel to move livestock to the mainland while the *Southern Tiare* was in Auckland for repairs) to find suitable vessels. Finding a vessel on short notice (vessels available for charter are often booked many months in advance) that can meet the specific requirements to dock at the Chatham Islands narrows the pool of available vessels significantly, leaving few options that are viable or value for money.

¹ A shipping survey is an independent detailed assessment of a vessel and its equipment to confirm they are serviceable, fit for their intended use and operating limits. There are three types of survey: special survey – required every three years; immediate survey – occurs between every special survey; and annual surveys

² A vessel's draught refers to the vertical distance between the waterline and the bottom-most point of the vessel. It represents the minimum depth that a vessel can safely navigate. .

The long-term shipping solution working group has canvassed a range of options to replace the Southern Tiare service

- 13 In May 2024, after Joint Ministers decided against procuring a new vessel to replace the *Southern Tiare*, a working group was established by the Ministry to canvas viable alternative services, that included representatives from the Department of Internal Affairs, MPI, the Regional Public Service Commission, the Chatham Islands Council, and CIET. The group agreed to the following criteria to assess potential replacement shipping service options:
- 13.1 **The services are fit for purpose and flexible** (providing the right capability and capacity to move the right loads at the right time in a way that meets the needs of the Islands' community now and in the future)
 - 13.2 **Sustainable and resilient** (provides a fit for purpose solution over the long-term that is resilient to disruption, for example, by not having a single point of failure)
 - 13.3 **Affordable and poses good value for money** (the services are provided within the appropriated budget and provides good value for money to the Crown)
 - 13.4 **Safe and appropriately manages animal welfare** (for example, services can safely transport the freight, fuel, and animals that the Islands need transported, with animal welfare during the voyage being an important consideration)
 - 13.5 **Appropriately manages risk** (for example, the risk of breakdown, commercial risks, and cost blow-outs).

Options investigated to date include the purchase of a second-hand vessels, bareboat charters, and time charters³

- 14 Purchasing a second-hand vessel has been ruled out due to a lack of suitable vessels worldwide. Previous work done by CISL shows that second hand vessels of similar specification to the *Southern Tiare* are incredibly rare and are generally of a similar age to the current vessel. Other second-hand cargo vessels available in the market are either too big to dock at Waitangi, or would need extensive modification (such as fitting a crane to the vessel) to manage the freight task of carrying livestock, fuel, and general goods.
- 15 Charter options better fit the assessment criteria above as they are more likely to provide value for money by purchasing a service outcome rather than a new or existing asset. Charter options will also have benefits in terms of flexibility and resilience and presents the option of more than one service provider or vessel. This would also pose the benefit of potentially having multiple suppliers available to provide these services, which would build resilience into the system.

³ In a bareboat charter, the charter takes responsibility for the crewing and maintenance of the vessel during the time of the charter. In a time charter, the vessel is hired for a specific amount of time, crewing and maintenance remains the responsibility of the vessel owner.

Testing the market with a Request for Information

- 16 Being primarily a policy agency, the Ministry of Transport would not normally purchase shipping services and does not have the market connections to adequately assess availability of these services. Therefore, officials propose circulating a Request for Information (Rfi) to canvas the commercial shipping market for a supplier or suppliers able to provide shipping services to the Chatham Islands.
- 17 The primary purpose of the Rfi is to collect as much information as possible from any potential suppliers including:
- a. capacity and capability to meet the requirements in full, or where only partially, which freight tasks cannot be provided
 - b. vessels available to meet the freight task including detail on vessel characteristics; for example, vessel dimensions and IMO numbers⁴
 - c. potential suppliers' ability to comply with relevant regulatory requirements
 - d. how potential suppliers would propose to provide the services, including the contracting approach (for example, bareboat charter, time charter, or special charter, whether the vessel would be crewed, and which ports would be serviced)
 - e. an estimated budget to provide the services over a 5-year term, or another term as determined by the supplier
 - f. the conditions that may trigger a potential supplier to invest in a purpose-built vessel to serve the Chatham Islands
 - g. what incentives and contract conditions would support the delivery of such as service.

The Ministry has drafted an Rfi document, including specifics on the freight tasks required for the replacement shipping service. An early draft of this document is attached as **Annex 1** for your information.

Risks

- 18 As with any Rfi, there is a risk of few or no responses to the request. To mitigate this risk, the Ministry will conduct some early market testing via an external shipping expert before issuing the RFI.
- 19 If no responses to the RFI are received, the Ministry would pursue other options including:
- 19.1 Directly approaching one or more suppliers to negotiate services to the Chatham Islands;
 - 19.2 reconsidering the information to be requested in a future Rfi; or
 - 19.3 further investigation of the second-hand vessel market.

⁴ IMO numbers are identification numbers unique to a particular ship

Next Steps

20 With your approval, the Ministry seeks to further develop the Rfl document, including consulting with key stakeholders (for example, the Replacement Shipping Services working group) and publishing it via GETS to canvas potential suppliers for information. As noted, the Ministry will also engage with the sector to prompt interest in the request. The Ministry expects the Rfl will remain open for approximately six weeks, with the option to extend this timeline if necessary.

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s 9(2)(f)(iv)

Alternative approaches

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s 9(2)(f)(iv)

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MINISTRY OF TRANSPORT
TE MANATŪ WAKA

Request for Information (RFI)

Shipping services for the Chatham Islands

by: Ministry of Transport and Chatham Islands Council

RFI released:	12 09 24
Deadline for Questions:	09 10 24
Deadline for Responses:	5pm 25 10 24

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The information we require

This RFI is issued by the Ministry of Transport and the Chatham Islands Council, referred to below as “the Buyer” or “we” or “us”.

What we need

The Chatham Islands requires an ongoing shipping service capable of shipping a range of cargo including general (dry and refrigerated) goods, fuel, livestock, and consumables. We are seeking to understand the potential market suppliers of suitable services before issuing a Request for Proposal (RfP).

We are open to a range of potential supply options, including but not limited to a scheduled shipping service or forms of vessel charter. We would also welcome responses from suppliers that are only able to meet some of the requirements and/or can work in partnership with other suppliers to meet the Islands needs.

At this stage we have not established a budget for this project and so are interested to receive indicative estimates to provide the service. Affordable shipping rates are critical to the continuation of a range of economic activities on the Chatham Islands and are a significant contributor to the overall cost of living on the island.

What we don't want

We are not seeking information on the potential purchase of either a new or second-hand vessel.

Why should you respond?

This is a unique commercial opportunity to deliver a service to an incredibly remote part of New Zealand that is critically reliant on shipping services. Your response will assist us to understand the market and help us to ensure we can identify a suitable solution to support the Chatham Islands community. Better information on market capability and current constraints to servicing the Chatham Islands will enable the development of an appropriately detailed RfP to identify a suitable shipping partner for the Islands.

A bit about us

The Ministry of Transport is supporting this RfI process as the Government has committed to supporting the Chatham Islands to secure a replacement shipping service. The Ministry and the Chatham Islands Council and community will work collectively after reviewing the responses to the RFI to determine the most suitable commercial process to contract for the service.

SECTION 1: Key Information

1.1 Context

- a. This Request for Information (RFI) seeks information that will help Ministry of Transport and the Chatham Islands Council to determine its Requirements for the shipping services to support the Chatham Islands contract opportunity.
- b. Following this RFI the Ministry of Transport and the Chatham Islands Council will decide on what procurement process it will follow, if any.

1.2 Our timeline

Here is our timeline for this RFI (New Zealand times and dates):

Deadline for Questions from Respondents:	5pm 9 October 24
Deadline for the Buyer to answer questions:	5pm 16 October 24
Deadline for Responses	5pm 25 October 24

1.3 How to contact us

- a. Contact us through our Point of Contact via email or the Government Electronic Tenders Service (GETS) (www.gets.govt.nz).
- b. Our Point of Contact:

Name: Bryan Field

Role: Manager, Programme Monitoring and Investment Management

Email address: procurement@transport.govt.nz

- c. Other support

The Ministry has engaged Agite Consulting to promote this RFI and engage the market to encourage a range of responses. Respondents are able to engage with Agite via their representative:

Name: Greg Pollock

Title: Partner, Agite Consulting

Email address: greg@agite.nz

1.4 Developing and submitting your information

- a. This is not a tender process, government procurement rules prevent direct contracting with a potential supplier based off an RFI response.
- b. Take time to read and understand the RFI. In particular, understand our Requirements. These are in Section 2 of this document.
- c. If you have questions, ask our Point of Contact before the Deadline for Questions (see 1.2 above). Support is available (see 1.3 c above) with experience in procuring shipping services for any potential suppliers to explore possible solutions to deliver the requirements and discuss any barriers to engaging in this process.

- d. Submit your Response before the Deadline for Responses using the Response Form provided, this is a MS Word document you download from GETS.
- e. Complete and sign the declaration at the end of the response form
- f. When emailing response, all documents and attachments cannot exceed 20MB.
- g. As this is not a competitive process leading directly to a contract, late responses can be accepted by sending to the email address above and will be considered, provided they are submitted within a reasonable time.

1.5 Address for submitting your Response

Submit your Response to the following address: procurement@transport.govt.nz

We will not accept responses sent by post or delivered to our office.

1.6 Our RFI Terms

The RFI is subject to the RFI Terms in Section 3 below.

1.7 Later changes to the RFI or RFI process

- a. After publishing the RFI, if we need to change anything or provide additional information we will let all Respondents know by placing a notice on the Government Electronic Tenders Service (GETS at www.gets.govt.nz and, emailing any parties who have either subscribed to the notice on GETS or engaged with us directly regarding this RFI
- b. If you subscribed to this listing on GETS you will automatically receive notifications of any changes through GETS.

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SECTION 2: Our Requirements

2.1 Background

As a small and geographically isolated community, the Chatham Islands are critically reliant on shipping services to transport fuel, livestock, machinery, and general goods to and from the mainland. Without a reliable shipping service, many industries on the islands would no longer be viable. The Chatham Islands are currently served by the 38-year-old Southern Tiare, with services operated by Chatham Islands Shipping Limited (CISL), a subsidiary of the Chatham Islands Enterprise Trust. The vessel is reaching the end of its service life, and the Crown has committed to supporting the Chatham Islands community to identify a suitable replacement service. The current service has become increasingly unreliable, and this combined with capacity constraints, has effectively reduced the economic output of the Chatham Islands, in particular, farming and fishing.

We are investigating options that focus on a reliable, punctual, safe and resilient service, where we are purchasing the service outcome rather than an asset/vessel replacement. This RfI is intended to provide us information about what the market can provide that meets these needs.

2.2 Key outcomes

The key outcome of this procurement is to engage with the market for suitable shipping services that can meet the needs of the Chatham Islands community. A RfI is being undertaken as it is unclear who are the potential suppliers, the availability of suitable vessel(s) and the most effective contracting approach. It is anticipated that this process would be followed by a RfP to procure suitable services. The outcomes that we want to achieve are:

#1	Confirm market capability and capacity to provide a fit for purpose solution
#2	Get an estimate of fixed and variable operating cost to provide services over an indicative 5-year term, noting that we remain open to other lengths of contract term where there is value in doing so.
#3	Gather information on any major obstacles to potential shipping solutions, including limitations of the wharf, port infrastructure, vessel draft, existing supply chain model
#4	Gather information on suppliers and engage the sector before issuing a RfP
#5	Understand what mix of options will reduce the cost to serve the Chatham Islands with an affordable shipping solution

2.3 Information to include in response

We are seeking information from respondents about:

- Their capacity and capability to meet the requirements in full, including detail of how the services will be provided e.g. different vessels for livestock and general freight and fuel. Where respondents can only partially meet the requirements, which freight tasks cannot be provided.
- The vessel(s) you have available to meet the needs outlined in the specification's sections, including detail on vessel characteristics e.g. vessel dimensions and IMO numbers.
- Your company and how your shipping services comply with the relevant regulatory requirements for operation in New Zealand, including those of Maritime New Zealand and the Ministry of Primary Industries relating to animal welfare and the safe transport of livestock.
- How your company would propose to provide the services, including the proposed schedule and commercial approach e.g. scheduled service, bareboat charter, special charter, vessel crewing, etc and which ports you can service.
- How you would ensure the service is resilient and will meet agreed service levels, for example management of planned and un-planned outages.
- An estimated budget to provide the services over an indicative 5-year term, or another term as determined by the supplier. A useful reference would be the cost of a round-trip from the Port of Timaru or Port of Napier to the Chatham Islands bi-monthly
- Under what terms and conditions your company might invest in a purpose-built vessel to serve the Chatham Islands.
- What contract conditions and assumptions would you propose for delivery of your service, including any modifications to port side infrastructure that would be required to make your service feasible, the lead times to establish the service and the payment model for the service. What are the key commercial risks and potential mitigations that we need to consider in procuring the service.

Answers to the above should be recorded under the relevant heading in the response form, there is also space to tell us anything else you think would be relevant to providing this service.

2.4 Service Specifications

The following section provides high-level detail on the shipping requirements for the Chatham Islands. This is intended to provide an indication of the average quantum and type of goods shipped to and from the mainland at present. These shipping volumes should be viewed as indicative only as they are limited by the current vessel and ideally capacity should be able to scale with the needs and aspirations of the Chatham Islands community. More than one vessel could be used to split out the freight tasks, for example, livestock could be transported on a separate vessel on a more seasonal basis compared with other more regular general freight tasks.

As stated elsewhere, we are happy to receive information from suppliers who are able to meet some of these requirements only e.g. supply of fuel.

Rates

Under current arrangements fees for freight are set and managed by Chatham Islands Shipping Limited which owns and operates the current vessel, however these are set at non-commercial rates due to the ownership structure and objectives of the Chatham Islands Enterprise Trust. We are seeking information from Respondents on their preference and proposed model for setting and managing freight costs.

General Freight Requirements – NZ mainland to Chatham Island

Typical cargo requirements are a mix of heavy lift, machinery, break bulk, TEU Reefer, Fuel (diesel) and livestock (sheep and cattle). Secondary cargo includes fresh goods, groceries and consumables, household goods, goods under pallet size, petrol and dangerous goods (for example, LPG cylinders, batteries, flammable liquids).

Freight volumes and frequency

At present an average of 16 TEU is carried per voyage, a capacity of 30 TEU or higher is preferable.

Break Bulk

Approximately 4 cars, plus one medium size tractor per voyage.

6 machinery items per trip

Approximately 50 tonnes of break bulk per voyage

Delivery of Fuel

Approximately 2.7m lt/year (2,700m³) of Marine Gas Oil (MGO) with a minimum flash point of 60°C as determined by closed cup method test.

Pumping of fuel via tanks that form part of the ships permanent structure is preferable. These should be separate from the ships' bunker tanks and comply with relevant MARPOL requirements. However, fuel could be carried by way of ISO tanks if required (example: 4 x 20ft ISO tanks).

Petrol – 10-20ft TEU ISO tanks – about 10,000 lt per month.

Capacity for approximately 2700kg of LPG per month.

Livestock numbers – Chatham Islands to mainland

Current livestock numbers are 4,000 cattle and circa 44,000 sheep and lambs per annum. Cattle equate to approximately 5.30 livestock units on the average which equates to approximately 24,000 sheep (45kg).

The average mass allowance for each sheep unit is 45kg

The mass of one cattle is on average 450kg but ranges from 350kg for wieners to 700kg bulls.

We request information from respondents on how livestock will be held on vessels e.g. in dedicated livestock pens or appropriate crates/containers.

Frequency of Chatham's service

Based on the current vessel (*Southern Tiare*) capacity and configuration a minimum of 2 trips a month is undertaken, increasing to 3 trips a month from April to 30 September (6 months) to assist farmers to capitalise on higher meat prices in NZ.

Different vessel configurations or multiple vessels could manage the freight tasks with a different frequency, and we are open to a range of solutions that can meet the Islands needs.

We also expect potential suppliers to contemplate how increases in service levels will be contracted, including a more frequent service if the economy grows.

Wharf specifications

Waitangi port

- Maximum length overall 77 metres.
- Maximum draft 3.8 metres

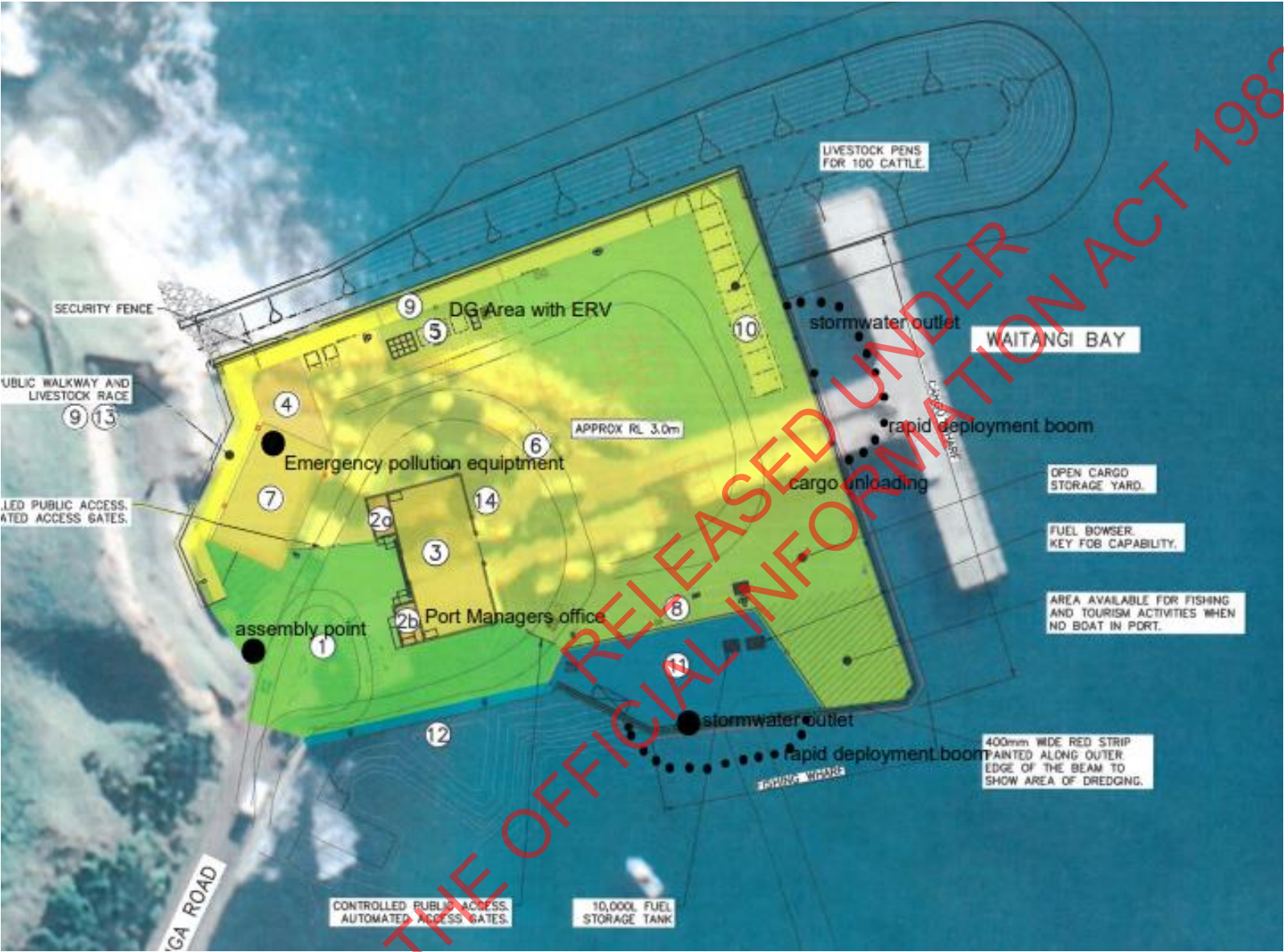
Vessels over 70 metres length overall require prior Harbourmaster approval.

At present the Waitangi Wharf does not have a dedicated crane so it is preferable that vessels are geared and capable of lifting upwards of 40 tonnes for heavy machinery and ISO tanks. We are open to receiving information from potential suppliers who do not meet all of the requirements but could do so with modifications or additional port side infrastructure.

A simulator model of the Port of Waitangi is in development and may be available to test potential vessels

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Figure 1. Port Operation Layout



The current harbourmasters direction around the Chatham Islands - Requirements for Oversize Vessels

No vessel in excess of the following sizes may navigate to, or moor alongside, Waitangi wharf without the prior permission of the Harbourmaster:

- Maximum length overall 77 metres.
- Minimum under keel clearance 1.5 metres and maximum draft of 3.8 metres

Quay mooring has 10 bollards with a rating of 50 tonnes each. Works are being considered at the port to enable vessels up to 82 metres in length with a maximum draft of 4.1 metres.

We are particularly interested to hear from suppliers who have existing vessels, particularly those under 15 years old, that could deliver the service with modification to the port e.g. longer maximum vessel size above.

Pitt Island

Pitt Island lies about 12 kilometres to the southeast of Chatham Island. At present vessels are not moored at Pitt Island Wharf and goods are taken via a Pitt Island barge which is approximately 300-400 metres off the Island. Vessel's servicing Pitt Island must therefore be geared.

Vessel specifications and regulatory requirements

In addition to meeting the wharf specifications outlined above vessels should be:

- a. ocean going container vessel
- b. Geared (preferably twin cranes capable of 40 tonnes) Multi-Purpose – MMP, Box cargo hold
- c. Meet applicable SOLAS, MLC, MARPOL, IMO and ILO conventions, Maritime New Zealand, and Ministry of Primary Industries (MPI) regulations and dangerous goods certification.
- d. Meet all applicable International maritime rules and regulations.

Crew

With the current arrangement, the Southern Tiare crew manage loading and unloading the vessel. Waitangi Wharf does not have wharves so Respondents would need to consider how this is managed.

SECTION 3: RFI Terms

Defined terms are shown using capitals. You can find definitions at the end of this Section.

3.1 Preparing a Response

a. Respondent obligations

The Respondent must:

- i. read the complete RFI and any additional information provided and referred to by the Buyer
- ii. respond using the RFI Response Form and Pricing Schedule provided and include all information the Buyer requests
- iii. consider the risks and contingencies relating to the delivery of the RFI requirements and outline how it will manage those risks and contingencies
- iv. include any assumptions, dependencies and/or qualifications in the Response, including anything that may limit its obligations or increase its quoted pricing or cost estimates
- v. quote prices in NZ\$, exclusive of GST
- vi. obtain independent advice before submitting a Response (if necessary)
- vii. make sure the Response is correct and the Response pricing is sustainable, i.e. covers the Whole-of-Life of the Contract, not just the initial term.

b. Process acceptance

By submitting a Response, the Respondent accepts the RFI-Terms.

c. No obligation, no penalty

Suppliers are not expected or required to submit a Response in order to remain on any prequalified or registered supplier list.

3.2 Respondent questions

- a. The Respondent must make sure they understand the RFI.
- b. If the Respondent has any questions or needs clarification, they:
 - i. must submit questions before the Deadline for Questions (Section 1 of the RFI)
 - ii. must clearly indicate any commercially sensitive information in their questions
 - iii. may withdraw their questions at any time.
- c. When the Buyer receives questions before the Deadline for Questions:
 - i. The Buyer will respond on or before the Deadline for Answers.
 - ii. The Buyer may provide details of both the questions and the answers to other Respondents. In these circumstances the Buyer will summarise the questions and will not disclose the Respondent's identity.
 - iii. Unless stated otherwise in the RFI, the Buyer will post both the questions and answers on GETS.
 - iv. The Buyer will not publish the Respondent's commercially sensitive information. However, if the Buyer considers the information to be significant for all Respondents, the Buyer may modify the

question and publish both this and the answer. In that case the Buyer will first give the Respondent the opportunity to withdraw the question or remove any of their own commercially sensitive information.

3.3 Submitting a Response

- a. The Respondent must ensure the Buyer receives the Response at the correct address on or before the Deadline for Responses.
- b. After the Deadline for Responses, the Buyer will acknowledge receipt of the Response.
- c. The Respondent must ensure that all information they provide to the Buyer:
 - i. is true, accurate and complete
 - ii. is not misleading in any material respect
 - iii. does not contain material that infringes a third party's intellectual property rights
- d. The Buyer may rely on the Response and all information provided by the Respondent during the RFI process (e.g. correspondence and negotiations).

3.4 Clarification of Response

- a. The Buyer may ask the Respondent for more information or clarification on the Response at any time during the RFI process.
- b. The Buyer need not ask all Respondents for the same clarification.
- c. The Respondent agrees to provide the information or clarification as soon as possible, in the format requested by the Buyer.

Standard RFI conditions

3.5 Buyer's Point of Contact

- a. The Respondent must direct all RFI enquiries to the Buyer's Point of Contact in Section 1 of the RFI.
- b. Only the Point of Contact, or a person authorised by the Buyer (refer section 1.3 c), may communicate with the Respondent on any aspect of the RFI. The Buyer will not be bound by any statement made by any other person.
- c. The Buyer may change its Point of Contact at any time. The Buyer will notify the Respondent of any change by email or posting a notification on GETS.
- d. If a Respondent has an existing contract with the Buyer, business as usual communications, for the purposes of managing delivery of that contract, will continue using the usual contacts.
- e. If the Respondent has an existing contract with the Buyer, the Respondent must not use its business-as-usual communications to contact the Buyer regarding the RFI.

3.6 Conflict of Interest

- a. The Respondent must complete the Conflict of Interest declaration in the RFI Response Form. If a joint Response is being submitted, each party must complete the Conflict of Interest declaration separately.
- b. If a Conflict of Interest arises during the RFI process, the Respondent must inform the Buyer immediately.

- c. The Buyer may exclude a Respondent from the RFI process if a material Conflict of Interest arises.

3.7 Confidential Information

- a. Without limiting any other confidentiality agreement between them, the Buyer and the Respondent will both take reasonable steps to protect the other party's Confidential Information.
- b. Except as permitted by the other provisions of this Section 3, neither party will disclose the other party's Confidential Information to a third party without that other party's prior written consent.
- c. Each party may each disclose the other party's Confidential Information to anyone who is directly involved in the RFI process on that party's behalf, but only for the purpose of participating in the RFI. This could include (but is not limited to) officers, employees, consultants, contractors, professional advisors, evaluation panel members, partners, principals or directors. Where this occurs, the disclosing party must take reasonable steps to ensure the third party does not disclose the information to anyone else, and does not use the information for any purpose other than participating in the RFI process.
- d. The Respondent acknowledges that the Buyer's confidentiality obligations are subject to requirements imposed by the Official Information Act 1982 (OIA), the Privacy Act 2020, parliamentary and constitutional convention, and any other obligations imposed by law. Where the Buyer receives an OIA request that relates to a Respondent's Confidential Information, the Buyer may ask the Respondent to explain why the information is considered by the Respondent to be confidential or commercially sensitive.
- e. The Respondent may disclose the Buyer's Confidential Information to the extent strictly necessary to comply with law or the rules of any stock exchange on which the securities of the Respondent or any related entity are currently listed. Unless prohibited by law, the Respondent must consult with the Buyer before making such a disclosure.
- f. The Buyer will not be in breach of its obligations if it discloses Confidential Information to the appropriate authority because of suspected collusive or anti-competitive tendering behaviour.

3.8 Costs of participating in the RFI process

Except as otherwise stated in the RFI, the Respondent must meet their own costs associated with the preparation and presentation of the Response.

3.9 Ownership of documents

- a. The RFI and its contents remain the property of the Buyer. All Intellectual Property rights in the RFI remain the property of the Buyer or its licensors.
- b. The Buyer may request the immediate return or destruction of any RFI documents and any copies, in which case the Respondent must comply in a timely manner.
- c. All documents forming part of the Response will, once they are delivered to the Buyer, become the property of the Buyer. The Response will not be returned to the Respondent.
- d. Intellectual Property rights in the Response remain the property of the Respondent or its licensors.
- e. The Respondent grants to the Buyer a licence to retain, use, copy and disclose information contained in the Response for any purpose related to the RFI process, including keeping appropriate records.

3.10 Limited rights and obligations

- a. Except as stated otherwise in this paragraph, nothing in the RFI, these RFI Terms or the RFI process creates a contract or any other legal relationship between the Buyer and Respondent.
- b. The following are binding on the Respondent:
 - i. The Respondent's signed declaration (contained in the RFI Response Form).
 - ii. The Respondent's obligations under paragraphs 3.1, 3.3 and 3.6. Nothing in this Section 3 takes away from any rights or remedies the Buyer may have in relation to the Respondent's statements, representations or warranties in the Response or in correspondence with the Buyer.
 - iii. The standard RFI conditions in Section 3.
- c. Paragraphs 3.4 and 3.9 are binding on the Buyer.
- d. All terms and other obligations that are binding on the Buyer are subject to the Buyer's additional rights in paragraph 3.11.

3.11 Buyer's additional rights

- a. **Changes to the RFI**
 - i. The Buyer may amend, suspend, cancel or re-issue the RFI, or any part of it, so long as it notifies the Respondent.
 - ii. The Buyer may change material aspects of the RFI, such as the timeline or Requirements, provided it gives the Respondent time to respond to update its Response in relation to the changes.
- b. **Timeline**
 - i. The Buyer may accept a late Response if it is the Buyer's fault it is late, or if the Buyer considers there is no material prejudice to other Respondents in accepting a late Response.
 - ii. The Buyer may answer a question submitted after the Deadline for Questions, and notify all Respondents about the submission of the question and the answer.
- c. **RFI Process**
 - i. The Buyer may liaise with any Respondent without informing, or doing the same, with any other Respondent.
 - ii. The Buyer may provide Respondents with information arising from questions about the RFI.
 - iii. The Buyer may withhold information arising from questions about the RFI. This may be the case if the information is unnecessary, is commercially sensitive, is inappropriate to supply at the time of the request or cannot be released for legal reasons.
 - iv. The Buyer may waive requirements or irregularities around the RFI process if the Buyer considers it appropriate or reasonable to do so.

3.12 New Zealand law

The laws of New Zealand govern the RFI. Each Respondent agrees New Zealand courts have non-exclusive jurisdiction to rule in any dispute concerning the RFI or the RFI process. The Respondent agrees that it cannot bring any claim in relation to the RFI except in a New Zealand court.

3.13 Disclaimer

- a. Nothing contained or implied in the RFI, or RFI process, or any other communication by the Buyer to the Respondent is to be construed as legal, financial or other advice.
- b. The Buyer will endeavour to provide accurate information in any communication, but the Respondent accepts this information is not independently verified and may not be up-to-date.
- c. The Buyer will not be liable in contract, tort, equity, or in any other way for any direct or indirect damage, loss or cost incurred by the Respondent or any other person in respect of the RFI process, whether as a result of the Buyer exercising its rights under paragraph 3.11, the Buyer's negligence or breach of these RFI Terms, the Buyer failing to select the Respondent as the Successful Respondent, or any other cause.
- d. To the extent that liability cannot be excluded, the maximum aggregate liability of the Buyer, its agents and advisors in connection with the RFI process, to all Respondents combined, is NZ\$5,000.
- e. The limitations and exclusions in paragraphs c and d above do not apply to any liability the Buyer may have for breach of confidentiality or infringement of the Respondent's intellectual property rights.

3.14 Precedence

- a. Any conflict or inconsistency in the RFI shall be resolved by giving precedence in the following descending order:
 - i. these RFI-Terms
 - ii. all other Sections of the RFI document
 - iii. any additional information or document provided by the Buyer to Respondents through the Buyer's Point of Contact or GETS.
- b. If there is any conflict or inconsistency between information or documents having the same level of precedence the more recent information or document will prevail.

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Definitions

In relation to the RFI the following words and expressions have the meanings described below.

Buyer	The government agency that has issued the RFI with the intent of obtaining information.
Confidential Information	Confidential Information of a party (Provider) means information acquired by the other party (Recipient) from the Provider in connection with the RFI process, where that information: <ul style="list-style-type: none"> a. is by its nature confidential b. is marked at the time of disclosure to the Recipient as 'confidential', 'in confidence', 'restricted', 'sensitive', 'secret' or 'top secret', and/or c. the Recipient knows, or ought to know, is confidential to the Provider or a third party who supplied it to the Provider. <p>However, this does not include information that is publicly available through no fault of the Recipient, or that the Recipient acquired entirely independently of the Provider.</p>
Conflict of Interest	A Conflict of Interest arises if personal or business interests, relationships or obligations of the Respondent or any of its personnel do, could, or could be perceived to: <ul style="list-style-type: none"> a. conflict with the Respondent's obligations to the Buyer under the RFI or in the provision of the goods or services, and/or b. call into question the independence, objectivity or impartiality of any person involved in the RFI process on behalf of the Buyer. <p>A Conflict of Interest may be:</p> <ul style="list-style-type: none"> c. actual: where the conflict currently exists d. potential: where the conflict is about to happen or could happen, or e. perceived: where other people may reasonably think that a person is compromised.
Deadline for Answers	The deadline for the Buyer to respond to questions submitted by a Respondent stated in Section 1.2 of the RFI.
Deadline for Responses	The deadline for delivering or submitting Responses to the Buyer as stated in Section 1 of the RFI.
Deadline for Questions	The deadline for submitting questions to the Buyer as stated in Section 1 of the RFI.
GETS	Government Electronic Tenders Service available at www.gets.govt.nz .
Intellectual Property	All industrial and intellectual property rights whether conferred by statute, at common law or in equity, including (but not limited to) copyright, trademarks, designs and patents.
Point of Contact	The Buyer and each Respondent are required to appoint a Point of Contact. This is the channel to be used for all communications during the RFI process. The Buyer's Point of Contact is identified in Section 1 of the RFI. The Respondent's Point of Contact is identified in its Response.
Respondent	A person, company or organisation that submits a Response in response to the RFI. The term Respondent includes each member of any consortium.
Response	The response a Respondent submits in reply to the RFI. It comprises the Response Form and all other information submitted by a Respondent.
Response Form	The form and declaration prescribed by the Buyer and used by a Respondent to respond to the RFI, duly completed and submitted by a Respondent as part of the Response.
RFI	Means the Request for Information.
RFI-Terms	Means the RFI Terms as set out in Section 3 of the RFI.

For more definitions, click [HERE](#).

2 August 2024

OC240833

Hon Simeon Brown

Action required by:

Minister of Transport

Friday, 9 August 2024

UPDATE ON DISESTABLISHMENT OF AUCKLAND LIGHT RAIL LIMITED

Purpose

Provides you with a progress update on the disestablishment of Auckland Light Rail Limited (ALRL) and responds to your request for further information on options to dispose of the company's current land holding.

Key points

- Decisions on the company name change and reappointments of ALRL directors are on hold pending your direction.
- The key obstacle to disestablishing ALRL is the property it owns, the Kiwi Bacon building (317-319 New North Road, Kingsland).

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6 **Note** that the Ministry will provide you and shareholding Ministers with advice on a proposed return of capital from ALRL as well as seeking your agreement to the termination of remaining funding agreements.



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
Andrew Hicks, Principal Advisor, Programme Monitoring & Investment Management	s.9(2)(a)	
David Wood, Deputy Chief Executive, Investment & Monitoring		✓

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UPDATE ON DISESTABLISHMENT OF AUCKLAND LIGHT RAIL LIMITED

Background

- 1 In December 2023, as part of the 100-day plan, Cabinet agreed to discontinue the Auckland Light Rail project. Auckland Light Rail Limited (ALRL) has now been reduced to a holding company with minimal functions and no permanent staff. It cannot be finally disestablished until the property on New North Road in Kingsland has been disposed.
- 2 In May 2024 (OC240289 refers), Shareholding Ministers made decisions on a range of matters on ALRL which were then communicated to the ALRL Board. These decisions included:

- 2.1 changing the company name;

- 2.2 advising on impending reappointments of the remaining directors; and

s 9(2)(j)

- 3 On 27 June 2024, the Cabinet Legislative Committee deferred consideration of the company name change and associated orders in council to a future date [LEG-24-MIN 0135]. The name change and director reappointments have since been placed on hold pending further direction.¹

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¹ The Board initially prepared its Statement of Performance Expectations (SPE) under the proposed new company name. The SPE is currently being updated to the current name and will be submitted to you once signed by the Board

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Terminating existing funding agreements and return of capital

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s 9(2)(f)(iv)

- 25 As there is no new Crown funding for the company, the oversight agreement simply sets out the Ministry's reporting requirements and how we work together to disestablish the company. Therefore, we think that the new agreement should not require Ministers' or Auckland Council's approval as signatories and can be managed by the Ministry until the company is wound-up.

We will provide you and shareholding Ministers with further advice on the proposed return of capital following decisions on next steps

- 26 The Ministry has been working with the company to transition to a model that relies on a portion of its equity reserves and rental income from the Kiwi Bacon property to sustain itself. The Kiwi Bacon property is expected to generate an annual revenue of \$2.1 million. We have been providing you with monthly updates on disestablishment costs.
- 27 The Ministry has been working with the ALRL Board to determine the process and amount of equity reserves to be returned. Under the Companies Act 1993 it is the Board's responsibility to determine the amount of equity it requires to continue to remain solvent. The Board has advised that it intends to return \$20 million (of the \$25 million initially provided) to the Crown.

- 28 A dividend option is the simplest method to return the funding which would involve the funding being returned to the Ministry before returning to the centre. We will provide you and shareholding Ministers with a more detailed briefing on this matter when appropriate given the other matters under consideration.

Financial performance

Disestablishment costs have dropped significantly, and we expect the company to be cash flow positive in the coming months

- 29 In line with the Ministry's expectations, the company has significantly reduced its operating costs with most remaining project contractor costs falling between January–March. In January, the net disestablishment costs were \$0.9 million, whereas in June, the costs were \$15,240. We expect in the coming months, once all remaining ALR project legacy costs are paid, the company will be cash flow positive. You have been provided with monthly updates on these costs with detailed breakdowns.
- 30 Over the last six months, the total cost of disestablishment was \$4.3 million. ALRL covered 22% (\$0.9 million) of this total cost using rental revenue from the Kiwi Bacon property. Therefore, the net disestablishment cost for the last six months was \$3.3 million.
- 31 Based on draft financial statements for FY24, ALRL's total assets amount to \$61.5 million, of which 46% (\$28.5 million) are current assets. The company has no long-term liabilities and no significant leverage problems. Based on draft financial statements for FY24, expenditure on professional services amounted to \$32 million, which accounted for 77% of the total expenditure (\$41 million). The spending on professional services decreased by 60% of the budgeted amount (\$80 million).

Other remaining activities to wind-up the company

- 32 The Ministry is working with ALRL to take stewardship of project data, including any IP obligations. In parallel, we are actively working through proactive release of the appendices to the ALR Corridor Business Case as well as other documents that have been requested via the Official Information Act. We will brief you on this seeking your approval to proactively release in the coming weeks.
- 33 As the company continues to prepare to wind-down the Ministry is also working through obligations in relation to company records and supplying these to Archives New Zealand.

Next steps

- 34 We will continue to update you on progress to disestablish the company and will provide you with further advice in October for you to determine your preferred disposal method.

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6 August 2024

OC240457

Hon Simeon Brown


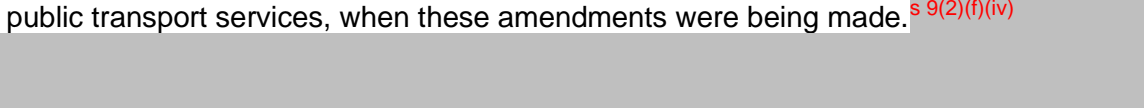
Minister of Transport

PUBLIC TRANSPORT POLICIES DIRECTION

Purpose

To advise you on the legislative and policy framework for planning and delivering public transport services and to seek your direction on the way forward.

Key points

- The framework for planning, procuring, and delivering public transport services is established through the Land Transport Management Act 2003 (**LTMA**), which is administered by the Ministry of Transport (**the Ministry**), and operational policies that are developed by the NZ Transport Agency (**NZTA**).
- The foundations for the current framework were established in 2013, when the Public Transport Operating Model (**PTOM**) was established. In 2023, the previous Government modified the PTOM and called it the Sustainable Public Transport Framework (**SPTF**).
- We recommend NZTA continues to develop and issue operational policies and guidance that it began developing as part of implementing the SPTF, which it has been adjusting to align with your expectations set in the Government Policy Statement on Land Transport 2024. This will enable improvements to procurement processes to help achieve better value for money. It will also support the provision of technical guidance to improve service delivery.
- s 9(2)(f)(iv)

- The SPTF also involved amendments to the LTMA. We understand you raised concerns about the principles for regulating public transport, and in-house provision of public transport services, when these amendments were being made. s 9(2)(f)(iv)


Recommendations

We recommend you:

- 1 s 9(2)(f)(iv) [Redacted]
- 2 **indicate** if you support the direction of public transport operational polices that NZTA is currently developing, as set out in Annex Three, or if you want to specify new or different expectations for the direction of any of these policies Yes / No
- 3 **indicate** whether there are other areas where you wish to specify direction Yes / No
- 4 **agree** if you want to meet with officials to discuss the expectations you want to set for NZTA's public transport operational polices Yes / No
- 5 s 9(2)(f)(iv) [Redacted]



 Ruth Fairhall
DCE – Policy Group
 Ministry of Transport
 06 / August / 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
Jessica Ranger, Manager Urban Development and Public Transport, Ministry of Transport	s 9(2)(a) [Redacted]	✓
Nick Potter, Principal Adviser Urban Development and Public Transport, Ministry of Transport	[Redacted]	

PUBLIC TRANSPORT POLICIES DIRECTION

The framework for planning, procuring, and delivering public transport services is established through legislation and operational policies

- 1 The regulatory framework that governs public transport is set out in Part 5 of the Land Transport Management Act 2003 (**LTMA**). The Ministry of Transport (**the Ministry**) administers this legislation.
- 2 The NZ Transport Agency (**NZTA**) gives effect to this legislation through operational policies. A primary objective underpinning NZTA's operational policies is its statutory responsibility to obtain the best value for money.
- 3 Public Transport Authorities (**PTAs**) must adhere to NZTA's operational policies to be eligible for funding of public transport investments from the National Land Transport Fund.

The foundations for the current framework were established in 2013

- 4 In 2013, the then Government established the Public Transport Operating Model (**PTOM**).¹ This aimed to grow the commerciality of public transport services and create incentives for services to become fully commercial. It also aimed to grow confidence that services are priced efficiently and there is access to public transport markets for competitors.

The previous Government modified the PTOM framework through a combination of legislative changes and directives for operational policies

- 5 Between 2019 to 2021, the Ministry reviewed the PTOM to assess whether it was meeting its original outcomes and to identify areas for improvements. This review led the Ministry to identify and recommend a range of changes.
- 6 In 2023, the previous Government established the Sustainable Public Transport Framework (**SPTF**) to modify the PTOM.² The SPTF retains key structural features of the PTOM, including the responsibilities of PTAs for planning, procuring, and delivering public transport services. It also includes a focus on efficiency and delivering value for money.
- 7 Key changes included new principles to guide the regulation of public transport and expanding options for PTAs in how they procure and deliver public transport services to deliver efficiency and value for money.
- 8 The SPTF was intended to be implemented through a combination of changes to the LTMA, which were enacted in 2023, and by operational policies developed by NZTA that are still under development. These changes are summarised below.

¹ To achieve this, the Public Transport Management Act 2008 was repealed. Its provisions and PTOM were then incorporated into the amended LTMA.

² The name given to the current framework is not set in legislation.

The LTMA was amended in 2023

- 9 Amendments to the LTMA involved the following:
- establishing new principles to guide the regulation of public transport (listed in **Annex One**)
 - enabling in-house provision of public transport services and providing more flexibility around asset ownership
 - supporting benchmarking and more transparent pricing
 - improving roles and relationships between PTAs and operators
 - updating the regulation of exempt services (e.g. the Waiheke ferry service) that do not receive public transport subsidies
 - clarifying the treatment of on-demand public transport services (i.e. services that have flexible routes and timetables, which change based on the location and destinations of passengers who book a trip).
- 10 We understand you raised concerns about the principles for regulating public transport, and in-house provision of public transport services as the amendment to the LTMA was going through the Parliamentary process.

11 s 9(2)(f)(iv)



Operational policies for public transport are being led by NZTA

- 12 Alongside the LTMA amendments, the former Minister of Transport set expectations for NZTA to develop operational policies and guidance that would support more specific changes. The Minister set these expectations through a letter to the Chair of NZTA's Board on 30 August 2022. **Annex Two** summarises these expectations.
- 13 Since 2022, NZTA has been closely engaging with PTAs and industry members to develop these operational policies and guidance. It has also researched public transport practices in other countries to inform their development.
- 14 NZTA has recently been re-orienting some of these policies to align them with the expectations that you set in the Government Policy Statement on Land Transport 2024 (GPS 2024) to deliver value for money and to increase the focus on performance and efficiency.
- 15 The GPS 2024 sets your broad expectations for investments in land transport, but it only provides limited direction to NZTA on your expectations for public transport operations.³

³ These expectations are: "that existing public transport services will continue to be funded, if they are cost effective, achieve value for money, and achieve the expected outcomes of less congestion and increased patronage"; "greater farebox recovery and third-party revenue by Public Transport Authorities"; and "to deliver the National Ticketing Solution to improve the efficiency of public transport."

- 16 **Annex Three** summarises the public transport operational policies NZTA has been developing.

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Next steps

- 23 Officials from the Ministry and NZTA are available to meet with you if you want to discuss any of these operational policies in more detail, or to express your expectations through a meeting.

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s 9(2)(f)(iv)

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Annex One: LTMA principles that guide the regulation of public transport

The LTMA includes the following principles in Part 5, section 115.

115 Principles

- (1) All persons exercising powers or performing functions under this Part must be guided by each of the following principles to the extent relevant to the particular power or function:
 - (a) well-used public transport services reduce the environmental and health impacts of land transport, including by reducing reliance on single-occupant vehicles and using zero-emission technology;
 - (b) public transport services support a mode shift from private motor vehicle use and equitable access to places, facilities, services, and social and economic opportunities if they are co-ordinated, integrated, reliable, frequent, accessible, affordable, and safe;
 - (c) fair and equitable employment or engagement of people in the public transport workforce should ensure that there is a sufficiently robust labour market to sustain and expand public transport services;
 - (d) regional councils, territorial authorities, and public transport operators should work together to co-ordinate public transport services, the provision of infrastructure, and land use as necessary—
 - (i) to meet the needs of passengers; and
 - (ii) to encourage more people to use the services;
 - (e) public transport services should be provided in a way that assists—
 - (i) public transport investment to be efficient; and
 - (ii) public transport investment to give value for money.
- (2) Without limiting subsection (1), the principles specified in subsection (1) must be taken into account by—
 - (a) the Agency when—
 - (i) approving procurement procedures under [section 25\(1\)](#);
 - (ii) preparing guidelines to be issued under [section 95\(1\)](#);
 - (iii) approving the approach to procurement under [section 120\(3\)](#);
 - (b) the Environment Court when it considers an appeal against a regional public transport plan under [section 140](#);
 - (c) the Minister when the Minister considers making a recommendation under [section 150](#).
- (3) In this section, **territorial authority** includes Kāinga Ora—Homes and Communities if there are any specified development projects in the region.

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Annex Two: Previous direction provided to NZTA

On 30 August 2022, the former Minister of Transport set expectations for NZTA to develop operational policy in the following areas:

- to protect and improve bus driver terms and conditions, achieving the following outcomes:
 - bus drivers have the opportunity to maintain employment if there is a change of operator
 - the substantive terms and conditions of bus drivers are not negatively impacted by a change of operator
 - the terms and conditions of the bus driver workforce are improved to increase recruitment and retention
- to support different asset ownership arrangements
- to support increased transparency of operating costs and financial performance of public transport operators
- guidance to improve partnering between public transport authorities (PTAs) and operators through procurement and contracting
- guidance on processes relating to the registration and variation of exempt services
- guidance on how exempt services should be transitioned into the SPTF if an exemption is removed by Order in Council
- guidance on establishing units to ensure PTAs have the ability to procure and contract on-demand services separate to, or bundled with, timetabled services
- to assist PTAs to manage potential conflicts of interest in contracting services where an in-house unit is one of the options for provision alongside external providers.

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Annex Three: Direction of public transport operational policies and guidance being developed by NZTA

Policy area	Overview and status	Ministry view	Your view
<p>Bus driver recruitment and retention</p>	<p>This operational policy is designed to improve employment terms and conditions for bus drivers to avoid future widespread driver shortages.</p> <p>NZTA is intending to establish an ongoing national workforce survey to monitor workforce trends and to identify initiatives that will improve driver retention and recruitment. This is supported by the sector.</p> <p>The intended policy changes would formalise workforce terms and conditions as aspects that will be assessed as part of evaluating tender responses for all bus service delivery contracts. This in turn would encourage greater competitive tension and market innovation amongst tenders, while enabling operators to determine terms and conditions appropriate to the specific market and context in which they are tendering.</p> <p>It is also intending to develop a procurement policy to encourage competitive tension while maintaining and improving workforce terms and conditions. Work to date on this so far has generally received unanimous support from the sector.</p> <p>NZTA began developing a policy to establish a nationally consistent approach for transferring bus drivers at the end of a contract if the operator changes. Operators strongly opposed this work. Some PTAs also expressed concerns regarding complexity. ^{s 9(2)(g)(i)}</p>	<p>s 9(2)(f)(iv)</p>	
<p>Asset control</p>	<p>This operational policy is designed to support different asset ownership arrangements. Prior to the 2023 LTMA amendments, PTAs were required to establish a Council Controlled Trading</p>		

	<p>Organisation (CCTO) to own public transport assets if they wanted to control how those assets are used and deployed. This requirement was removed as some councils found the requirements for setting up a CCTO to be onerous.</p> <p>Currently, the operational policy being developed by NZTA assumes PTAs may need to control some strategic assets, such as bus depots and infrastructure in locations close to routes and/or with good access to energy networks, to deliver value for money. The intention is to support competition and better pricing when tendering for contracts by removing barriers to entry for operators who do not control these assets.</p> <p>Asset control is not limited to ownership. For example, build, own, operate and transfer models can enable private sector delivery while ensuring PTAs can facilitate the transfer of strategic assets at the end of a contract to an incoming operator.</p> <p>NZTA currently intends establishing operational policy that would require PTAs to:</p> <ul style="list-style-type: none"> • consider and propose asset control arrangements as part of developing their procurement strategies • demonstrate how the proposed asset control arrangements will enable competitive and efficient markets for the supply of services and maximise value for money spent on public transport. <p>NZTA consulted on the draft policies and initial guidance last year. The Bus and Coach Association and operators generally do not support PTAs controlling assets. PTAs support enabling a range of approaches.</p>	<p>s 9(2)(f)(iv)</p>
<p><i>In-house versus out-sourced service delivery</i></p>	<p>The current approach to service delivery through out-sourcing and enabling competitive and efficient markets for the supply of services remains the core policy of NZTA and the primary method for achieving long-term value for money. This position was unaffected by the 2023 LTMA amendments.</p>	

	<p>NZTA is not developing a separate operational policy in this area and has set a high bar for any PTAs that seek to deliver public transport services in-house.</p> <p>If a situation arises where a PTA wishes to consider delivering services in-house, it will need to develop a business case that demonstrates value for money and undertake an effectiveness review under section 17a of the Local Government Act. It would also need to obtain funding and procurement procedure approvals from NZTA under the LTMA.</p>
<p>Openness and transparency</p>	<p>The 2023 LTMA amendments set requirements to ensure openness and transparency for operating costs, service performance, vehicles used to operate services, financial performance, and workforce terms and condition.</p> <p>Both PTAs and operators expressed support for greater openness and transparency. NZTA is embedding this as a foundation for all relevant operating policies related to public transport planning, procurement, and contract management.</p> <p>NZTA is also developing tools to assist PTAs in seeking more transparent pricing information during tenders.</p>
<p>Improving partnering</p>	<p>PTAs are expected to take a 'partnering' approach to contracts with public transport operators. This approach was first established in the PTOM. However, over the last 20 years the relationship between these two parties has often been transactional, with low levels of collaboration and innovation between partners.</p> <p>NZTA is intending to develop a dedicated Public Transport Procurement Manual, which will reflect new expectations for improved partnering through relational contracting, joint planning, and a more appropriate allocation of risk. This is generally endorsed by the sector.</p>

s 9(2)(f)(iv)

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Managing exempt services	<p>The 2023 LTMA amendments changed the framework for regulating exempt public transport services that do not receive public transport subsidies (e.g. Waiheke ferry services).</p> <p>NZTA has completed technical guidance to PTAs in this area, which has been issued. It is planning to develop further technical guidance this year.</p>
On-demand public transport services	<p>The 2023 LTMA amendments enabled 'on-demand' public transport services (i.e. services that have flexible routes and timetables, which change based on the location and destinations of passengers who book a trip) to operate as part of public transport networks.</p> <p>NZTA has completed technical guidance to PTAs in this area, which has been issued. It is planning to develop further technical guidance this year.</p>

s 9(2)(f)(iv)

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982



Ministry for Primary Industries
Manatū Ahu Matua



16 August 2024

OC240881

Hon Simeon Brown

Action required by: 23 August 2024

Minister of Transport

Hon Nicola Willis

Minister of Finance

Hon Todd McClay

Minister of Agriculture

cc Hon Matt Dooney

Associate Minister of Transport

CHATHAM ISLANDS SHIPPING SERVICE – EARLY CONFIRMATION OF IN PRINCIPLE EXPENSE TRANSFER

Purpose

This paper seeks your agreement to transfer Ministry of Transport and Ministry for Primary Industries underspends of \$0.750 million each from 2023/24 to 2024/25, and early confirmation of two in principle expense transfers of \$1 million from 2023/24 to 2024/25 in Vote Transport and \$0.845 million in Vote Agriculture, Biosecurity, Fisheries and Food Safety to address animal welfare concerns on the Chatham Islands.

Key points

- The Ministry of Transport and Ministry for Primary Industries are continuing to investigate shipping solutions to address animal welfare concerns on the Chatham Islands. s 9(2)(b)(ii) [REDACTED] chartering a freight vessel to service the Islands so that the *Southern Tiare* can focus solely on transporting livestock.
- On 18 June 2024, Cabinet agreed to transfer \$0.750 million each (total \$1.5 million) from Vote Transport and Vote Agriculture appropriations to the *Transport Connectivity with Isolated Communities* appropriation in Vote Transport to help address animal welfare concerns on the Chatham Islands.
- An additional \$1 million from 2023/24 remains unspent in the *Transport Connectivity with Isolated Communities* appropriation in Vote Transport and therefore is available to transfer from 2023/24 to 2024/25.

- Joint Ministers' approval is sought by the Ministry of Transport and Ministry for Primary Industries to transfer underspends of \$0.750 million each from 2023/24 to 2024/25 and for an early in-principle expense transfer of \$1 million from 2023/24 to 2024/25. A summary of the proposed adjustments is provided below in **Table 1**.
- If the expense transfers are not agreed, there is a risk that either one or both of the shipping options being explored are unable to be secured. This would mean the *Southern Tiare* remains the only vessel moving livestock from the Chatham Islands.

Table 1 – Summary of proposed adjustments

Adjustment type	Appropriation Affected	Amount	Authority	Notes
Early confirmation of In Principle Expense Transfer	Transport Connectivity and Isolated Communities (Vote Transport)	\$1 million	An expense transfer of up to \$0.750m was agreed in principle by Cabinet through CAB-24-MIN-0136 A further expense transfer of up to \$0.250m was agreed in principle by Joint Ministers through OC240593	
Early confirmation of In Principle Expense Transfer	Agriculture: Recovery Assistance (Vote Agriculture, Biosecurity, Fisheries and Food Safety)	\$0.845 million	An expense transfer of up to \$1 million was agreed in principle by Joint Ministers (Agriculture and Finance) through the JIPECT process. Following year end results, only \$0.845 million remains available to be transferred.	
Early confirmation of Retention of Underspend	Transport – Policy advice, ministerial servicing, governance and other functions (Vote Transport)	\$0.750 million	A Retention of Underspend of up to \$0.750m was agreed in principle by Cabinet through EXP-24-MIN-0026.	
Early confirmation of Retention of Underspend	Animal Welfare: Education and Enforcement (Vote ABFFS)	\$0.750 million	A Retention of Underspend of up to \$0.750m was agreed in principle by Cabinet through EXP-24-MIN-0026.	This amount is subsequently proposed to be transferred into the Transport Connectivity and

				Isolated Communities appropriation in Vote Transport
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Recommendations

We recommend you:

	Minister of Transport	Minister of Finance	Minister of Agriculture
1 note there is an ongoing need to move excess livestock off the Chatham Islands to prevent an animal welfare crisis.			
2 note that on 29 April 2024 Cabinet (CAB-24-MIN-0136 refers):			
a) approved an in-principle expense transfer of up to \$0.750 million in the Transport Connectivity with Isolated Communities non-departmental appropriation within Vote Transport to allow for uncertainty of securing a charter leasing provider;			
b) authorised the Minister of Finance and the Minister of Transport jointly to agree the final amount to be transferred.			
3 note that joint Ministers have previously approved an additional in-principle expense transfer in the Transport Connectivity with Isolated Communities non-departmental appropriation of up to \$0.250 from 2023/24 to 2024/25 (OC240593 refers) which takes the total available in-principle expense transfer of up to \$1 million;			
4 note that early confirmation of the full amount of the available expense transfer is required to avoid the risk of unappropriated expenditure;			
5 agree to an expense transfer of \$1 million in the Transport Connectivity with Isolated Communities non-departmental appropriation (Vote Transport) from 2023/24 to 2024/25.	Yes / No	Yes / No	N/A
6 approve the following changes to appropriations and/or departmental capital injections to provide for decision in recommendation 3 above, with no impact on the operating balance and net debt across the forecast period:	Yes / No	Yes / No	N/A

	\$m – increase/(decrease)				
Vote Transport Minister of Transport	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Non-Departmental Other Expenses: Transport Connectivity with Isolated Communities	1.000	-	-	-	-

7 **note** that on 18 June 2024 Cabinet (EXP-24-MIN-0026 refers)

- a) **noted** that the Ministry of Transport and Ministry for Primary Industries were anticipating departmental output expense underspends in 2023/24 of \$0.750 million each as they achieved early efficiencies ahead of 2024/25 which could be transferred to 2024/25 to cover the shortfall in funding as follows:

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears
Vote Transport Minister of Transport Departmental Output Expense: Transport - Policy advice, ministerial servicing, governance, and other functions (funded by revenue Crown)	(0.750)	-	-	-	-
Vote Agriculture, Biosecurity, Fisheries and Food Safety Minister of Agriculture Multi-Category Expenses and Capital Expenditure: Agriculture: Programmes Supporting Sustainability Departmental Output Expenses: Animal Welfare: Education and Enforcement (funded by revenue Crown)	(0.750)	-	-	-	-
Total	(1.500)	-	-	-	-

- b) **authorised** the Minister of Finance, Minister of Transport and Minister of Agriculture jointly to increase

departmental output expense appropriations for 2024/25 in Vote Transport and Vote Agriculture, Biosecurity, Fisheries and Food Safety up to the maximum amounts in recommendation 8a, following the end of 2023/24 financial year, with no impact on the operating balance and net debt across the forecast period;

- c) **authorised** the Minister of Finance, Minister of Transport and Minister of Agriculture jointly to agree to a fiscally neutral adjustment from Vote Agriculture, Biosecurity, Fisheries and Food Safety Multi-category appropriation, Agriculture: Programmes Supporting Sustainability to the Transport Connectivity with Isolated Communities appropriation within Vote Transport;
 - d) **note** that to prevent unappropriated expenditure within Vote Transport, agencies will be seeking early confirmation of recommendations 7b and 7c;
 - e) **agreed** to transfer \$0.750 million in funding from Transport - Policy advice, ministerial servicing, governance, and other functions appropriation to the Transport Connectivity with Isolated Communities appropriation within Vote Transport to provide funding before the transfer above can be confirmed so the Ministry did not go unappropriated;
- 8 **note** the Ministry of Transport and Ministry for Primary Industries have completed their draft 2023/24 year end results and confirmed that both have sufficient departmental underspends to cover \$0.750 million transfer of underspends (a total of \$1.5 million) from 2023/24 to 2024/25.
- 9 **approve** the following changes to appropriations to provide for decision in recommendation 8b above, with no impact on the operating balance and/or net debt across the forecast period:

	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Vote Transport Minister of Transport Departmental Output Expenses: Transport - Policy advice, ministerial servicing, governance, and other functions (funded by Crown Revenue)	0.750	-	-	-	-
Vote Agriculture, Biosecurity, Fisheries and Food Safety Minister of Agriculture	0.750	-	-	-	-

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Yes / No

Yes / No

Yes / No

Multi-Category Expenses and Capital Expenditure: Agriculture: Programmes Supporting Sustainability					
Departmental Output Expenses: Animal Welfare: Education and Enforcement (funded by revenue Crown)					
10 Total	1.500	-	-	-	-

11 **approve** the following changes to appropriations and/or departmental capital injections to provide for decision in recommendation 8c above, with no impact on the operating balance and/or net debt across the forecast period:

	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Vote Agriculture, Biosecurity, Fisheries and Food Safety Minister of Agriculture Multi-Category Expenses and Capital Expenditure: Agriculture: Programmes Supporting Sustainability Departmental Output Expenses: Animal Welfare: Education and Enforcement (funded by revenue Crown)	(0.750)				
Vote Transport Minister of Transport Non-Departmental Other Expenses: Transport Connectivity with Isolated Communities	0.750	-	-	-	-
Total	-	-	-	-	-

Yes / No

Yes / No

Yes / No

12 **note** Cabinet also agreed to an in-principle expense transfer of up to a \$1 million in Vote Agriculture, Biosecurity, Fisheries and

Food Safety as part of the package of support for Chatham Island farmers.

- 13 **note** that Ministry for Primary Industries have completed their draft 2023/24 draft year end results and confirmed that \$0.845 million is available to transfer from 2023/24 to 2024/25
- 14 **agree** to an early confirmation of the in-principle expense transfer of \$0.845 million in Vote Agriculture Biosecurity, Fisheries and Food Safety.
- 15 **approve** the following changes to appropriations and/or departmental capital injections to provide for decision in recommendation 12 above, with no impact on the operating balance and/or net debt across the forecast period:

	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Vote Agriculture, Biosecurity, Fisheries and Food Safety Minister of Agriculture Multi-Category Expenses and Capital Expenditure: Agriculture: Programmes Supporting Sustainability Non-Departmental Output Expenses: Agriculture: Recovery Assistance	0.845				

- 16 **agree** that the proposed change to appropriations for 2024/25 in recommendations 6, 9, 10 and 14 above be included in the respective 2024/25 Supplementary Estimates for Vote Transport and Vote Agriculture, Biosecurity, Fisheries and Food Safety and that, in the interim, the increases be met from Imprest Supply.

N/A	Yes / No	Yes / No
N/A	Yes / No	Yes / No
Yes / No	Yes / No	Yes / No

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David Wood
**Deputy Chief Executive, Investment
 and Monitoring**



Karen Adair
**Deputy Director General, Agriculture
 and Investment Services**

Hon Simeon Brown
Minister of Transport

..... / /

Hon Nicola Willis
Minister of Finance

..... / /

Hon Todd McClay
Minister of Agriculture

..... / /

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)	✓
Penelope Leith, Chief Financial Officer		
Cameron Elliott, Senior Adviser, Programme Monitoring and Investment Management		

CHATHAM ISLANDS SHIPPING SERVICE – EARLY CONFIRMATION OF IN PRINCIPLE EXPENSE TRANSFER

Background

- 1 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.
- 2 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 the Islands.
- 3 The *Southern Tiare* 2024 annual survey and hull repair resulted in the vessel being in dry-dock from late March 2024 until mid-July 2024. This service outage has exacerbated the livestock issues on the Islands, with the Islands now reaching crisis point over winter 2024 when feed supplies will not be sufficient to maintain the current stock levels.
- 4 The Ministry for Primary Industries (MPI) officials estimate 28,000 sheep and 7,000 cattle require shipping to the mainland. Without urgent intervention to remove 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.

Chartering a livestock vessel as a short-term mitigation

- 5 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].
- 6 Since April, 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. Initial discussions were focussed on the *Murray Express*, a livestock carrier operating out of South Africa.
- 7 In June 2024, Cabinet agreed to transfer an additional \$0.750 million from the Transport - Policy advice, ministerial servicing, governance, and other functions appropriation within Vote Transport as well as \$0.750 million from expected 2023/24 underspends in Vote Agriculture, Biosecurity, Fisheries and Food Safety to the Transport Connectivity with Isolated Communities appropriation within Vote Transport [EXP-24-MIN-0026 refers]

8 s 9(2)(b)(ii)

Funding is still required for alternative solutions.

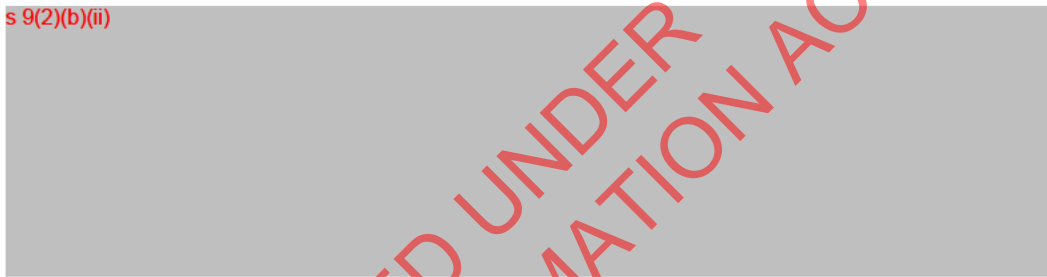
9 Without a vessel to ship livestock between February and July 2024, the welfare of livestock on the Islands is at significant risk. By 30 July 2024, the *Southern Tiare* has only managed to move 1,429 lambs and 189 cattle to the mainland. Culling operations have begun on the Islands with an estimated 5,000 animals culled by 29 July 2024.

10 With the *Southern Tiare* returning to service, officials are investigating the following solutions to prevent further animal welfare concerns:

10.1 **A second freight vessel:** To support the *Southern Tiare*, officials are investigating bringing a second vessel to the Islands that will focus on the import and export of general goods. This would enable extra spaces on the deck on the *Southern Tiare*, normally used for shipping containers, to carry additional livestock in specialised containers, increasing the overall carrying capacity of the *Southern Tiare*.

10.2

s 9(2)(b)(ii)



11

s 9(2)(b)(ii)



Should one or both options become viable, MoT would seek to set up a funding agreement with the Chatham Islands Enterprise Trust to fund the costs of each charter after revenue from shipping fees.

Financial implications

12

s 9(2)(b)(ii)



13 Chartering a general freight vessel of similar size to the *Southern Tiare* is estimated to cost between \$17,500–27,500 per day. A vessel of this size will take approximately four days to travel between Timaru and Waitangi with a day in port to load/unload for a total estimated cost between \$87,500–137,500 per voyage. Costs to the Crown are likely to be lower than this once revenue from shipping freight is included; however, these costs are likely to be highly variable depending on the freight requirements of

s 9(2)(b)(ii)



the Islands. As above, these costs are weather dependent as extra costs will be incurred if a vessel is delayed at sea or in port due to weather.

In-principle expense transfer – Vote Transport

14 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 and an in-principle expense transfer of up to \$0.750 million from 2023/24 to 2023/24.

15 Joint Ministers also approved an additional in-principle expense transfer of up to \$0.250 million from 2023/24 to 2024/25 (OC240593 refers) which takes the total available in-principle expense transfer of up to \$1 million.

16 s 9(2)(b)(ii)

17 MoT is seeking your approval to transfer forward \$1 million from 2023/24 to 2024/25.

In-principle expense transfer – Vote Agriculture, Biosecurity, Fisheries and Food Safety

18 In June 2024, Cabinet agreed in-principle to transfer up to \$1 million of any available underspends in Vote Agriculture, Biosecurity, Fisheries and Food Safety within the Non-departmental output expense category: Recoverable Assistance under the Multi-category appropriation, Agriculture: Programmes Supporting Sustainability from 2023/24 to 2023/24 for the Chatham Islands support package.

19 The draft financial statements of MPI have been completed and the Ministry is seeking an early confirmation of the expense transfer of \$0.845 million from 2023/24 to 2024/25.

Transfer of underspends

20 In May 2024, officials from MoT and MPI identified an option that required additional funding of \$1.5 million to increase the total funding in the Transport Connectivity with Isolated Communities appropriation to \$2.5 million.

21 To provide additional funding of \$1.5 million and prevent unappropriated expenditure in early 2024/25 in June 2024 Cabinet [EXP-24-MIN-0026 refers]:

21.1 agreed to transfer underspends of up to \$0.750 million each from within the MoT and MPI departmental baselines in 2023/24 to 2024/25.

21.2 authorised the Minister of Finance, Minister of Transport and Minister of Agriculture jointly to increase departmental output expense appropriations for 2024/25 in Vote Transport and Vote Agriculture, Biosecurity, Fisheries and Food Safety following the end of the 2023/24 financial year end.

21.3 authorised the Minister of Finance, Minister of Transport and Minister of Agriculture jointly to agree to a fiscally neutral adjustment from Vote Agriculture, Biosecurity, Fisheries and Food Safety Multi-category appropriation to the

Transport Connectivity with Isolated Communities appropriation within Vote Transport.

21.4 Noted that agencies would be seeking early confirmation of the transfers.

21.5 agreed to transfer \$0.750 million in funding from Transport - Policy advice, ministerial servicing, governance, and other functions appropriation to the Transport Connectivity with Isolated Communities appropriation within Vote Transport to provide funding before the transfer above can be confirmed so that MoT did not go unappropriated;

22 MoT and MPI have completed their draft 2023/24 draft year end results and confirmed that they both have sufficient departmental underspends to each cover \$0.750 million transfer of underspends from 2023/24 to 2024/25.

23 Both MoT and MPI are seeking your approval to transfer forward underspends of \$0.750 million each from 2023/24 to 2024/25.

Risks

24 If the expense transfer is not agreed, there is a risk that either one or both shipping options described in paragraph 10 above are unable to be secured. This would mean the *Southern Tiare* will remain the only shipping vessel servicing the Chatham Islands. At current service levels the *Southern Tiare* will not be able to clear enough livestock off the Islands to avoid a large culling operation of valuable livestock.

25 There is a risk that neither option in paragraph 10 above becomes viable. A cross-agency working group has been investigating possible solutions to the animal welfare crisis on the Islands and has found securing vessels from overseas on short notice is incredibly difficult and most other freight vessels operating in New Zealand waters are unable to dock safely at the Chatham Islands Waitangi Wharf.



30 August 2024

OC241018

Hon Simeon Brown
Minister of Transport

Action required by:
Friday, 6 September 2024

OUTSTANDING DECISIONS ON AUCKLAND LIGHT RAIL LIMITED

Purpose

Seeks your decision on changing the company name and reappointing the directors of Auckland Light Rail Limited (ALRL).

Key points

- ALRL is awaiting formal notification on whether the proposed name change is proceeding, and whether the directors will be reappointed.
- The proposed name change was deferred by the Cabinet Legislative Committee (LEG) and is pending your direction on whether to resubmit the LEG paper.
- We anticipate the company will be able to be disestablished in approximately six months, so recommend that it continue to operate as Auckland Light Rail Limited until disestablishment.
- The advice provided to your office to submit for consideration at Appointments and Honours (APH) in June (OC240534 refers) can be easily updated to progress these appointments at the next available APH meeting.
- While it is considered best practice that reappointments are made as close as possible to the end of a member's term, the ALRL Board constitution enables members to continue to serve as directors until such time as they are reappointed or replaced. Therefore, there is no technical requirement for you to formally reappoint them.

Recommendations

We recommend you:

- 1 **agree** that the proposed name change is not progressed Yes / No

- 2 **agree** to either:
 - proceed with reappointments via Cabinet’s Appointments and Honours Committee (APH) and direct the Ministry to re-submit advice for consideration, OR Yes / No

 - write to the directors requesting they continue without formal reappointment until ARLR is disestablished. 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
Andrew Hicks, Principal Advisor, Programme Monitoring & Investment Management	s 9(2)(a)	
David Wood, Deputy Chief Executive, Investment & Monitoring		✓

OUTSTANDING DECISIONS ON AUCKLAND LIGHT RAIL LIMITED

Background

- 1 In May 2024 (OC240289 refers), Shareholding Ministers made decisions on a range of matters on ALRL which were then communicated to the ALRL Board (Annex One refers). These decisions included:
 - 1.1 changing the company name;
 - 1.2 advising of the intention to reappoint directors; and
 - 1.3 advising of a revised pool of directors' fees to apply from 1 July 2024 to 30 June 2025.

Company name change was not supported by Cabinet Legislative Committee

- 2 On 27 June 2024, the Cabinet Legislative Committee deferred consideration of the company name change and associated orders in council to a future date [LEG-24-MIN 0135]. We have not received further direction from you on whether you wish to take the decision back to the Committee.

Decisions on director reappointments were not progressed following the deferral of the company name change

- 3 We provided you and Shareholding Ministers with advice on reappointing the directors, Dame Fran Wilde and Leigh Auton, in June and for consideration by Cabinet Appointments and Honours Committee on 25 June 2024. We understand Ministerial consultation was not completed and the advice was deferred. Following the decision noted above (to defer the decision on the company name change) the reappointments advice to APH has not progressed.

Outstanding decisions on ALRL

The decision on whether to progress the name change is still pending

- 4 Since May 2024, the ALRL Board have been working through the necessary steps to change the company name to Kingsland Crown Property Management Limited. The final step to implement the name change was approval via the Cabinet Legislative Committee (LEG), due to the requirement to update the company name in the Crown Entities Act and the Ombudsman Act. This proposal was deferred.
- 5 We understand the primary concern from the LEG Committee related to the costs involved in updating the name. The original estimated cost \$50,000, but the actual cost was much lower at around \$11,000. The discrepancy was mainly due to more work being done in house and lower than expected legal costs.
- 6 ALRL is still awaiting formal advice on whether the name change is to proceed. ALRL advised us that in the absence of a decision they are continuing to use the ALRL company title. Given the concerns expressed by the LEG Committee, and with the

company expected to be disestablished in approximately six months, there may be little value in revisiting the company's name.

- 7 Should you wish to progress the name change, we would recommend consulting with Shareholding Ministers before putting advice to the LEG Committee to ensure they still support the proposal.

Director reappointments

- 8 In the letter sent to ALRL directors in May, it was noted that you intended to reappoint both members for further terms and advised them of a revised pool of director fees. Both directors' terms of appointment have now expired, and they are awaiting formal notification of reappointment. As advised previously, we expect it may take up to six months to dispose of the ALRL property and be able to disestablish the company.
- 9 It is considered best practice that reappointments are made as close as possible to the end of a member's term. The advice provided to your office in June can be easily updated to progress these appointments at the next available Cabinet Appointments and Honours (APH) Committee meeting.
- 10 We note that the ALRL Board constitution enables members to continue to serve as directors until such time as they are reappointed or replaced. Therefore, there is no technical requirement for you to formally reappoint them now. We recommend that if you do not wish to take advice to APH to formally reappoint the directors', you write to them to request that they continue to serve until the company is disestablished, noting that this differs from the approach outlined in May.
- 11 We note that under either scenario, the revised director fees are being applied and therefore there is no change in operating costs for ALRL.

Next steps

- 12 Based on your decisions, we will work with your office to progress your preferred approach, including if required drafting of a letter to directors.

IN CONFIDENCE

ANNEX ONE: COPY OF MAY LETTER TO ALRL BOARD

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

IN CONFIDENCE



Honourable Dame Fran Wilde
Chair
Auckland Light Rail Limited
s 9(2)(a)

Dear Dame Fran

I am writing to notify you of some decisions recently made by Cabinet and Shareholding Ministers and set out the implications for Auckland Light Rail Limited (ALR Ltd) as the company moves towards final disestablishment.

Intentions on reappointment

Firstly, I want to thank you and Leigh Auton for indicating your willingness to stay in place as directors to oversee the disestablishment of ALR Ltd. I can confirm Shareholding Ministers intend to progress you both for reappointment either through to 30 June 2026 or any earlier date that the disestablishment of ALR Ltd is completed. Ministry of Transport officials will be in touch to finalise matters relating to your reappointment, so that it can be considered by Cabinet's Appointments and Honours Committee.

I note that your terms expire on 30 June 2024 and will endeavour to ensure the reappointment process is completed before that date. Should this not be the case, Clause 7.4(c) of the ALR Ltd Constitution enables directors to continue in office following the expiry of their term.

Directors' fees for 2024/25

I can also confirm that Shareholding Ministers have approved the pool of directors' fees from 1 July 2024 to 30 June 2025. The total pool of fees approved is \$123,660 per annum, based on there being one director and one Chair on the Board. The ordinary fees are based on a unit rate for directors of \$41,220 per annum, with the Chair receiving twice the unit rate.

It remains the Board's prerogative to determine the allocation of 'ordinary fees' to individual directors. For the avoidance of doubt, it is expected that fees for any vacant Board positions will be excluded from any allocation of the pool of director fees.

s 9(2)(j)

Company Matters

Cabinet also agreed to change the name of ALR Ltd to reflect its limited functions. Shareholding Ministers have agreed that the name will change to Kingsland Crown Property Management Ltd. I request that the Board agree to this by resolution and work with the Companies Office to implement it. Officials will be working in parallel to change the name in relevant pieces of legislation.

Shareholding Ministers have also decided to grant ALR Ltd a waiver from the requirement to complete a Statement of Intent, and this letter serves as formal notice of that waiver. I note that it is not possible to exempt ALR Ltd from the obligation to complete other accountability documents (for example, the Statement of Performance Expectations and an annual report). I expect ALR Ltd to work with Ministry officials to look for opportunities to streamline these processes as much as possible.

Finally, I understand that ALR Ltd has been considering options for returning a portion of its working capital to the Crown, given that the ongoing needs of the company are lower than they have been previously. Shareholding Ministers expect the Board to propose a return of unneeded capital and to continue to work with officials to implement that return of capital.

Thank you again for your continued work and engagement.

Yours sincerely



Hon Simeon Brown
Minister of Transport

cc: Mr Leigh Auton, Director, Auckland Light Rail Limited
Audrey Sonerson, Chief Executive, Ministry of Transport



13 September 2024

Hon Simeon Brown

MINISTER OF TRANSPORT

AIDE MEMOIRE: ERP2 TRANSPORT CHAPTER - OPTIONS FOR FURTHER CONTENT

To: Hon Simeon Brown, Minister of Transport

From: Ruth Fairhall, Deputy Chief Executive, Policy Group

Date: 13 September 2024

OC Number: OC241076

Summary/Purpose

- 1 Provide you with options for further content for the transport chapter of the final second Emissions Reduction Plan (ERP2) in advance of the Climate Priorities Ministerial Group (CPMG) meeting on 23 September 2024.

s 9(2)(f)(iv)

- 5 Initial analysis of public submissions has identified some options you may wish to consider and officials have also identified options from recent policy announcements that are also relevant. These are provided in the attached A3 with commentary from officials against relevant criteria. We are continuing to work on the analysis. Officials will discuss this table with you at the Officials meeting on Monday 16 September 2024.

Contacts

Name	Telephone	First contact
Ruth Fairhall, Deputy Chief Executive, Policy Group	s 9(2)(a)	
Erin Wynne, Manager, ERP2 Development		✓

The attachment referred to in paragraph 5 is withheld under section 9(2)(f)(iv)

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20 September 2024

OC241087

Hon Simeon Brown
Minister of Transport

CLIMATE PRIORITIES MINISTERIAL GROUP 23 SEPTEMBER 2024 MEETING

To support your attendance at the Climate Priorities Ministerial Group (CPMG) meeting on 23 September 2024.

Time and date	7:30–8:30pm, 23 September 2024
Venue	Ministerial Meeting Room, Level 2, Executive Wing
Attendees	<p>Hon Simon Watts – Minister of Climate Change (Chair)</p> <p>Hon Nicola Willis – Minister of Finance, Associate Minister of Climate Change (TBC)</p> <p>Hon Chris Bishop – Minister of Infrastructure, Minister Responsible for RMA Reform, Minister of Housing (TBC)</p> <p>Hon Mark Mitchell, Minister for Emergency Management and Recovery (TBC)</p> <p>Hon Tama Potaka – Minister of Conservation, and Māori Crown Relations: Te Arawhiti</p> <p>Hon Penny Simmonds – Minister for the Environment</p> <p>Hon Shane Jones – Minister for Regional Development and Resources</p> <p>Hon Mark Patterson – Minister for Rural Communities</p> <p>Simon Court MP, Parliamentary Under-Secretary to Minister for Infrastructure, Minister Responsible for RMA Reform</p>
Officials attending	Audrey Sonerson, Secretary for Transport
Agenda and Slides	A draft agenda is attached at Annex 1 and the draft slides to support the discussions are attached at Annex 2 . Final copies will be sent to your office on Friday 20 September.
Talking points	Suggested talking points for the Ministerial roundtable are attached at Annex 3 .

Contacts

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

CLIMATE PRIORITIES MINISTERIAL GROUP 23 SEPTEMBER 2024 MEETING

Key points

- The CPMG meeting will focus on the policy package for the Second Emissions Reduction Plan (ERP2) s 9(2)(f)(iv)
- The draft agenda (Annex 1) for the meeting includes a roundtable ministerial discussion s 9(2)(f)(iv) the draft speaking notes at Annex 3 cover the additional policies we discussed with you on Monday 16 September. Changes can be made to the speaking notes before CPMG on Monday night; this paper is on the agenda for the officials meeting on Monday 23 September for this purpose.
- Draft slides are provided at Annex 2. s 9(2)(f)(iv)

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

Agenda Item 1: Welcome and confirm purpose of the meeting

1 The objectives for the meeting are to:

- 1.1 s 9(2)(f)(iv)
- 1.2
- 1.3

s 9(2)(f)(iv)

s 9(2)(f)(iv)

3

s 9(2)(h)

s 9(2)(f)(iv)

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Roundtable with portfolio ministers on final sector policies for ERP2

- 10 Each portfolio minister (Energy, Transport, Waste, Agriculture, Forestry) will be asked to speak for up to five minutes to the package of policies relevant to their sectors, their contribution to achieving emissions budgets, and identify areas of opportunity for additional abatement, if any.

s 9(2)(f)(iv)

11

12

13

s 9(2)(f)(iv)

Public Consultation on ERP2 - Public Transport

14 The transport chapter in the ERP2 discussion document noted the importance of public transport as a means to enable more efficient use of our public transport infrastructure and as a tool for decarbonising transport.

15

16

s 9(2)(f)(iv)

17 The directions in the Government Policy Statement on land transport 2024 (GPS24) have resulted in the NZTA forecasting investment of \$3.73 billion for public transport services and \$2.64 billion for public transport infrastructure in the National Land Transport Plan (NLTP) for 2024 – 2027. This is an increase from \$2.6 billion for public

transport services and \$2.3 billion for public transport infrastructure in the NLTP for 2021 - 2024.

- 18 The next GPS for 2027 – 2037 will impact the final three years of EB2 and extend into EB3 and beyond. ^{s 9(2)(f)(iv)}

Emissions Reduction Monitoring Response

- 19 Ministers are asked to note that the response to the Climate Change Commission's Emissions Reduction Monitoring report must be tabled in the House by 16 October, and is being considered by CBC on 30 September and Cabinet on 14 October
- 20 As set out in last week's weekly report, the Ministry has contributed to the draft Cabinet paper. It suggests a high-level approach to this response, which acknowledges the Commission's report, provides an overarching strategic narrative on the Government's climate change priorities, and responds to the key findings.
- 21 We are happy with the paper; the paper and proposed response reference the transport findings at a high level and note how these findings relate to the Government's approach to climate change as set out in the Climate Change Strategy.

Next Steps

- 22 ^{s 9(2)(f)(iv)}
- 23
- An implementation plan for ERP2 needs to be in place by 2026 and this will be the vehicle that indicates the delivery milestones for each complementary policy.
- 24 We will provide you with a briefing by 27 September on the final transport chapter and the results of consultation.

Annex 1 is refused under section 18(d) and when published will be available here: <https://environment.govt.nz/>

ANNEX 2: SLIDES SUPPORTING THE CPMG 23 SEPTEMBER 2024 MEETING

Slides provided in separate document

This annex is withheld under section 9(2)(f)(iv)

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ANNEX 3: SUGGESTED COMMENTS FOR ROUNDTABLE

Current Transport chapter content

Transport is responsible for 17.5 percent of New Zealand's gross greenhouse gas emissions. These emissions are from burning fuels, all of which are covered by the ETS. So, ETS is the main tool for transport emissions reduction.

Beyond the NZ ETS, the main area of government action is to enable a network of 10,000 public EV charge points by 2030. Additional policies are focused on supporting other parts of the transport sector to decarbonise by removing regulatory barriers and enabling private investment.

Since the last CPMG, a key focus has been progressing the main transport policies consulted on in the ERP2 discussion document. These include:

- progressing Supercharging EV Infrastructure
- amending the Clean Car Standard to make it achievable
- a record investment of \$3.37 billion in public transport infrastructure and services through GPS24 and the NLTP24
- launching the Low Emissions Heavy Vehicle Grant Scheme, which should support around 500 additional low or zero emissions heavy vehicles enter New Zealand (including hydrogen and battery electric) [likely launching 20 September 2024].

s 9(2)(f)(iv)

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s 9(2)(f)(iv)

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EVENT BRIEFING

27 September 2024

OC241098

Hon Simeon Brown
Minister of Transport

EVENT - LUNCHEON WITH DRIVE ELECTRIC MEMBERS 11 OCTOBER 2024

Snapshot

Drive Electric has invited you to a luncheon with its members. This will include a roundtable discussion with Drive Electric’s “Premium Members” and Board, followed by a 15–20-minute speech and Q&A session with the wider membership.

Time and date	12:15-1:15pm, Friday 11 October 2024
Venue	Genesis Energy, Level 6, 155 Fanshawe Street, Auckland
Attendees	<ul style="list-style-type: none"> • 12-14 Drive Electric members are expected to attend the roundtable discussion. • 100 Drive Electric members are expected to attend the wider event.
Run sheet	<ul style="list-style-type: none"> • 12:15-12:35pm: Roundtable with Drive Electric’s “Premium Members” and Board. • 12:40-12:55pm: Speech to wider Drive Electric membership. • 12:55-1:10pm: Q&A facilitated by Kirsten Corson.
Media	N/A
Speaking notes	<p>Speaking notes have been provided to your Office separately.</p> <p>Talking points to support you in the Q&A session are attached at Annex Two.</p>

Contacts

Name	Telephone	First contact
Ruth Fairhall, Deputy Chief Executive, Policy Group	s 9(2)(a)	
Nick Paterson, Manager, Environment		✓

EVENT - LUNCHEON WITH DRIVE ELECTRIC MEMBERS 11 OCTOBER 2024

Background

- 1 Drive Electric is an advocacy group founded in 2011 with the stated purpose of accelerating electric vehicle (EV) uptake in New Zealand.
- 2 Drive Electric has more than 70 members from across the e-mobility ecosystem. Its members include a range of electricity sector brands, vehicle distributors and manufacturers, EV charging equipment distributors, charging network operators, and financial institutions.

Key topics likely to be raised

- 3 Drive Electric has previously written to you and engaged with officials to raise concerns about the rate of EV uptake and the impact of Government policy on vehicle electrification. Drive Electric also shared views on these topics in its recent submission on the second emissions reduction plan (ERP2).
- 4 Drive Electric members may raise questions on the following topics during the roundtable and Q&A session. We have attached suggested Q&As at Annex Two.

Clean Car Importer Standard

- 5 Drive Electric and its members have expressed concerns regarding the changes to the Clean Car Importer Standard's targets as it is a key mechanism to promote the uptake of low- and zero-emissions vehicles.

EV uptake

- 6 Drive Electric has expressed that accelerating EV uptake in the short term is critical as every vehicle brought to the New Zealand market today will create additional emissions for the next 12 to 20 years.
- 7 They are supportive of other incentives to promote EV uptake, such as using Fringe Benefit Tax (FBT) settings to encourage companies to adopt electric vehicles. Currently, FBT settings act as a disincentive to EV adoption as EVs receive higher effective rates compared to equivalent internal combustion engine (ICE) vehicles.

EV charging

- 8 Drive Electric and its members have previously expressed their support for the Government's commitment to 10,000 public EV charging points by 2030. Concerns around costs and processes to connect to electricity networks, and future government co-investment in charging infrastructure are likely to be key issues for attendees.

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

[REDACTED]

The Request for Information process will be an opportunity for industry to formally provide their feedback.

- 10 Drive Electric has also been invited to sit on the industry stakeholder reference group to support the *Supercharging EV Infrastructure* work programme. The group's first meeting is scheduled for mid-October 2024.
- 11 Beyond public charging, Drive Electric supports measures relating to EV charging at homes and workplaces. These range from policies to promote 'smart' chargers, through to mandating charger installation in new commercial and residential developments.

Supporting the uptake of heavy electric vehicles








- 12 Drive Electric has recently expressed concerns about financial and regulatory barriers hindering the adoption of heavy electric vehicles. Despite the increasing availability of zero emissions trucks for order, demand for their uptake remains significantly low.
- 13 It has noted that charging for heavy and freight vehicles should be considered as part of the *Supercharging EV Infrastructure* work programme.




Road User Charges (RUC) for electric and plug-in hybrid vehicles

- 14 Drive Electric did not support the timing of the removal of the RUC exemption for light electric and plug-in hybrid vehicles. They view that the current RUC system favours petrol and hybrid vehicles, creating economic incentives that disadvantage electric vehicles.
- 15 They also note that this situation has confused the message about the overall benefits of EV uptake for consumers, particularly concerning lower running costs.

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Annex 1: Biographies of expected roundtable attendees

 <p>Kirsten Corson Chair of the Board of Drive Electric</p> <p>Kirsten has a long history of working in the e-mobility space, co-founding Zilch, Carbn Asset Management, and Sustainable Fleet Finance.</p>	 <p>Eric Pellicer General Manager of Business Development at Powerco</p> <p>Eric is passionate about e-mobility and has led many initiatives aimed at mainstreaming electric transport in New Zealand.</p>	 <p>Annette Azuma Director at Baker Tilly Staples Rodway</p> <p>Annette has expertise and experience assisting many Japanese clients doing business and investing in New Zealand as well as representing companies expanding their businesses to Japan.</p>
 <p>Malcolm Johns Chief Executive at Genesis Energy</p> <p>Malcolm has held several governance roles within New Zealand's transport, infrastructure and tourism sectors.</p>	 <p>Richard Dellabarca Independent Director on the Drive Electric Board</p> <p>Richard has over 13 years governance experience including for NZ Rugby Union and NZ Post. He was previously Chair of ChargeNet (as well as being interim CEO for his final year with them).</p>	 <p>Sam Steele Chief Commercial Officer at EO charging</p> <p>Sam has background on large scale infrastructure projects for the resource sector across Australasia and Africa.</p>
 <p>Tim Calder Meridian Energy Emerging Markets and Innovation Lead</p> <p>Tim leads the Energy Innovation team at Meridian Energy, with a focus on developing solution that helps homes, business and communities decarbonise.</p>	 <p>Dennis Kelly Director FleetPartners NZ</p> <p>Dennis has over 45 years experience in vehicle leasing, commercial asset financing and banking, with the last 17 years spent at FleetPartners.</p>	 <p>Jenny Cresswell Chief Financial officer at Hyundai</p> <p>Jenny has experience across automotive and logistics. She is also an experienced director in the not-for-profit sector.</p>

 <p>Moonis Vegdani Group Strategy Officer at Counties Energy</p> <p>Moonis is a digital technology executive with enterprise, scale-up and start-up experience. He has worked across the consulting, energy, fuels and digital service industries.</p>	 <p>James Walker Communications and Advocacy at Drive Electric</p> <p>James consults to Drive Electric and other organisations on environmental sustainability and other strategic issues. His work has included advising on the phase-out of single use plastics, the Zero Carbon Act.</p>	 <p>Russell Webber Managing Director at FleetPartners</p> <p>Russell has over 20 years' experience in executive roles in financial services and asset finances.</p>
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Annex 2: Talking points for Q&A session

Why has the Government revised the Clean Car Importer Standard?

- I have committed to retaining the Clean Car Importer Standard to ensure New Zealand continues to receive sufficient volumes of low and zero emissions vehicles.
- The review of the Standard has recently been completed and decisions have been made to align the 2025-2029 CO₂ emissions targets with Australia's. The revised targets strike the right balance between reducing transport emissions and ensuring an affordable mix of clean vehicles are available for New Zealanders.

Are there any plans for incentives to encourage EV ownership?

- The electric vehicle market is rapidly evolving. Technology is developing at pace and new models are giving consumers greater choice.
- The Government is supporting New Zealanders to make the shift to EVs by retaining the Clean Car Importer Standard to ensure continued supply of low-emissions vehicles, and accelerating the rollout of charging infrastructure to give New Zealanders the confidence that they can charge when and where they need to.
- I am aware that Drive Electric and others made submissions in favour of additional incentives for EV uptake during consultation on the second emissions reduction plan (ERP2). These submissions have been analysed by officials as we progress with finalising ERP2 before the end of this year.

To achieve the target of 10,000 charge points an estimated 130 will need to be built a month starting now, is it an achievable target in reality?

- The goal of 10,000 charge points represents that New Zealand needs to rapidly increase the number of public chargers on the network.
- As mentioned in my speech, the *Supercharging EV Infrastructure* work programme is underway to deliver progress against this goal. However, we will continue to monitor charger rollout and demand to ensure we have the appropriate charging infrastructure in place for New Zealanders.

Where will the 10,000 charging points that the Government has a goal of installing by 2030 be installed?

- The market is best placed to identify locations where there is demand for chargers.
- However, we expect the 10,000 public charge point network will have the coverage across the country to give New Zealanders the confidence that they can charge where and when they need to.

What changes are being made to the way the government co-invests in charging infrastructure?

- I am revising the approach to government co-investment to ensure we deliver maximum value from public investment.
- There is an opportunity for market engagement on the approach through the Request for Information from EECA (the Energy Efficiency and Conservation Authority).

Will the *Supercharging EV Infrastructure* Taskforce consider public charging for freight vehicles?

- I am aware that there is strong stakeholder interest in, and support for, consideration of freight vehicles in the EV charging work programme.
- The public charging network is expected to include some charge points that meet the needs of lighter freight vehicles (vans and light trucks).

- Heavier freight vehicles have different charging needs, and I understand that there are calls for public heavy vehicle charging infrastructure to complement private charging at depots. I intend for the *Supercharging EV Infrastructure* Taskforce to continue working with stakeholders to build an understanding of the immediate and future charging needs for dedicated heavy vehicle charging infrastructure.

Higher rates of EV charging will impact the affordability of energy for consumers if they are not managed appropriately. How is the Government addressing this issue?

- Without regulation to enable smart EV charging, the potential impacts of EV charging on demand could result in higher electricity costs for consumers.
- There is work underway looking at how the energy efficiency regulatory regime can be future-proofed so it can respond to evolving technologies like this.

Are there any plans to promote charger installation at workplaces, apartment buildings and residential developments?

- The Government's current focus is on establishing a comprehensive charging network that is available to all members of the public.

Why do EVs have to pay road user charges (RUC)?

- All road users pay for using the roading network through fuel excise duty or RUC.
- Owners of EVs use the road like any other road user and benefit from infrastructure investments, so they, too, should contribute to the costs.
- If some vehicles in the fleet don't pay for road use, it means that others are unfairly subsidising their usage.

Why can't EVs pay a lower RUC rate to encourage uptake?

- The purpose of the RUC system is not to achieve broader objectives, like encouraging or discouraging certain types of vehicles. EV users should contribute to the maintenance, improvement and operation of our roads in proportion to the costs they generate to the system, just like other road users do through RUC and petrol excise duty.
- We are aiming to start the transition of all light petrol vehicles to the RUC system from 2027.
- There are better tools outside the RUC system to promote EV uptake. It's about using the right tool for the job. For example, this Government will promote EV uptake through ongoing investment in charging infrastructure.