

He pepa whakamōhiotanga mō te Minita tuarua | Briefing to the incoming Associate Minister

February 2023

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Preface

Tēnā koe Minister, and congratulations on your appointment as Associate Minister of Transport.

Transport supports the wellbeing of New Zealanders by giving people access to family and whānau, places of learning and employment, by contributing to the economic prosperity of cities, towns, local neighbourhoods, regions and rural communities. Transport can improve our health through active movement like walking and cycling. The transport system shapes land use, urban form, and street-level interactions. Finally, transport connects Aotearoa New Zealand economically and culturally with the rest of the world.

Many organisations, both public and private, are responsible for planning, designing, building, and providing services within the transport system. These organisations operate within a dynamic set of laws, rules, processes, and funding mechanisms. Te Manatū Waka Ministry of Transport (the Ministry) plays a stewardship role in the sector and is here to support you and provide you with advice.

Resilient and safe transport connections are vital to the wellbeing of New Zealanders. There are challenges over the medium to longer term that the transport system faces. Achieving the target of net zero carbon emissions by 2050 has significant implications for our land, air and sea sectors, and for how our freight and supply chains, including regional connections, will work in the future. However, in achieving this target it will also ensure the transport system is set up to address the impacts of climate change, and that New Zealand and its regions are more resilient in the face of large-scale extreme weather events.

In addition, there are a number of other important areas of focus for the transport system. These include supporting sustainable growth in our cities and regions, improving safety and access, enabling housing, enabling equitable outcomes, addressing the cost of living, supporting the needs and aspirations of Māori, and being prepared for disruptive global events.

There is also pressure on the transport funding system. New investments need to be balanced against the costs of maintaining the existing transport system, the increasing need for repairs to the system from extreme weather events (such as Cyclone Gabrielle), and rising costs.

Decisions will be needed to address not just one but all these challenges. Different approaches may be needed across our large and small cities, and regional areas. In addition to interventions that have more immediate impact, we will need to ensure we are continuing to make progress on interventions that have long lead times but bring about big change in the longer term, such as transport investments that support land use change.

This Briefing to Incoming Associate Minister (BIAM) gives you an overview of your delegated responsibilities along with some of the issues those responsibilities involve. The BIAM does not make specific policy recommendations or ask for any decisions. We will give you separate advice when we seek decisions from you, and we will be available to discuss the issues raised here in more detail over the coming weeks.

Nāku noa, nā

Audrey Sonerson

Secretary for Transport

Introduction to your portfolio

The transport system is complex and has developed over generations. It forms a significant part of our social and economic infrastructure, providing links that help establish and sustain society. The transport system also has deep connections with other systems, such as health, education, and housing.

The transport system includes aviation, maritime, and land transport, as well as digital infrastructure. The transport system moves people and goods by providing:

- 11,000km of state highways and 86,000km of local roads, and 3938km of rail lines for people and freight
- footpaths and cycleways to support walking and cycling
- coastal shipping and international shipping connections for freight through our ports
- domestic and international air passenger and freight connections through 14 domestic and 4 international airports
- satellite-based navigation infrastructure and aids, travel apps, communications technologies through digital infrastructure
- public transport, ridesharing, e-scooter and bike share through transport services in our cities and regions.

In your role as a Transport Minister, you will be able to help create the settings that direct and influence actors in the transport system and provide choices to transport users. In doing so, it is important to recognise that each part of the system operates differently. For example, much of the aviation and maritime sector is delivered by the private sector, while government funds and delivers much of the land transport infrastructure.

Central government is heavily involved in this system as a planner, funder, partner, enforcer and regulator. the Ministry is a government department, while Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand and the Transport Accident Investigation Commission (TAIC) are transport agencies, with TAIC as an independent Crown entity.

There are also two special purpose vehicles in the transport portfolio: City Rail Link Limited (Schedule 4A Public Finance Act Company) and Auckland Light Rail Limited (Crown Entity Company under Schedule 2 of the Crown Entities Act).

Finally, there are three state-owned enterprises (SOEs) in the transport whānau: KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService). Local government, the private sector, researchers and iwi are also key players in shaping, funding, and operating the transport system. Further briefings can be supplied over the coming weeks to provide further information around the nature of these relationships. We have provided further descriptions of these organisations from the Briefing to Incoming Minister (BIM) provided to the Minister of Transport in 2020 (see Appendix 1).

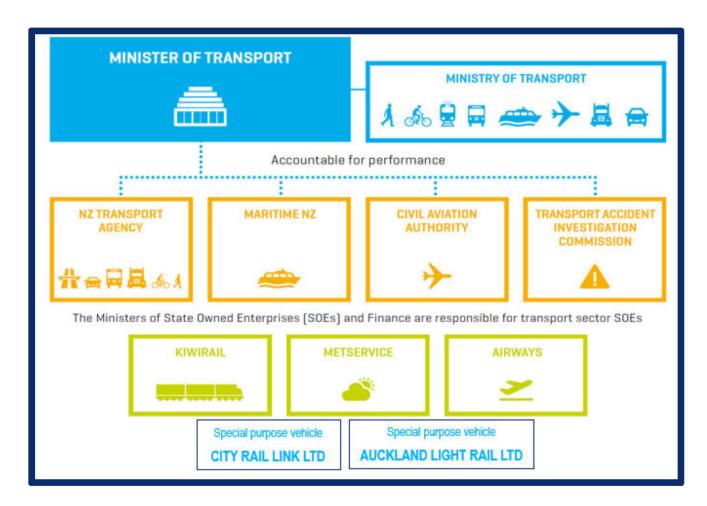


Figure 1 – Central government and the transport system

The Ministry is the Government's lead adviser on transport. We are equipped to provide you with robust, informed and evidence-based advice to support you in your role.

Our touchstone is the Transport Outcomes Framework, which supports our focus on wellbeing. The Transport Outcomes Framework guides the strategic direction of New Zealand's transport sector, which includes both the Ministry and the transport Crown entities. Under the Transport Outcomes Framework, we are building a transport system that improves wellbeing and liveability by contributing to five key outcomes: inclusive access, healthy and safe people, economic prosperity, environmental sustainability, and resilience and security.

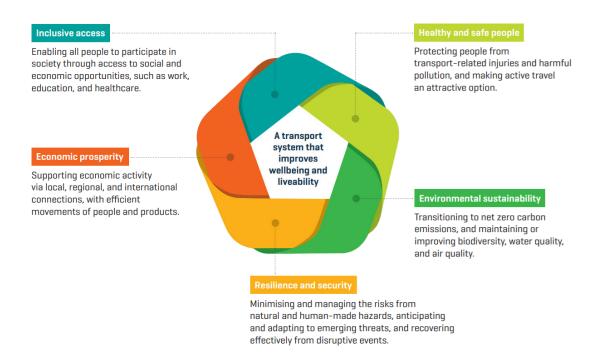


Figure 2 - Transport Outcomes Framework

Within the strategic direction of the Transport Outcomes Framework, we can ensure the transport system meets New Zealanders' needs now and into the future. This will involve improving the overall long-term planning and performance of the transport system, getting good value for money for the Government's investment in the transport system and improving the performance of the Crown's transport entities. The Ministry achieves these goals through:

- advising on legislative, regulatory, and policy settings
- leading transport's medium and longer-term planning
- advising on transport investments, and overall funding levels and priorities
- acting on behalf of the Crown as 'purchaser' for key investment programmes funded outside of the National Land Transport Fund (NLTF)
- Crown agency governance, appointments, performance, and accountability
- operating Milford Sound Piopiotahi Aerodrome.

We will work with you and the Minister of Transport to deliver a programme of work that aligns with your priorities, and ensure you get the best possible advice so that the Government's policy, regulatory and investment settings meet the future needs of the nation.

Although the Ministry plays a critical role in the transport sector, we are not a large organisation. We have a budget of around \$63 million per annum and 250 staff.

We have included biographies of the Ministry's Senior Leadership Team (page 4), with supporting information included as appendices.

The Ministry

Audrey Sonerson

Chief Executive and Secretary for Transport



The Chief Executive of Te Manatū Waka is responsible for the effective running of the Ministry of Transport, and for delivery of advice across transport issues and the system.

As CE, Audrey is Chair of the Road to Zero Partnership and the Search and Rescue Council. She sits on Interagency Executive Boards for border management and resource management reform. The Ministry also provides advice and co-ordination in respect of maritime security, and the CE is Chair of the Maritime Security Officials Committee.

Audrey joined Te Manatū Waka as Chief Executive and Secretary for Transport in December 2022. She is an experienced public service leader, having held senior roles at the Ministry of Foreign Affairs & Trade, New Zealand Police, the Treasury and the Ministry of Justice

Bryn Gandy

Deputy Chief Executive – System Strategy & Investment



Bryn leads the System Strategy and Investment group which advises government on system-level transport strategy and outcomes. The group provides advice on, and some management of, transport infrastructure planning, funding and investment. The group connects this with other functions, and broader and place-based programmes that include or intersect with the transport outcomes.

The group's specific functions include: strategic policy and innovation, supply chain, investment, demand management and revenue, placemaking and urban development, generational investment, and Auckland.

Bryn is an experienced senior public servant who was worked for more than twenty years in roles in transport, defence, justice, social services, internal affairs and health agencies.

Brent Johnston
Acting Deputy Chief Executive
System Performance and Governance



Brent leads the System Performance and Governance group. The group is responsible for the Ministry's Governance of the Crown Entities and overall stakeholder engagement and communications strategy. It also leads advice on some key commercial policy projects.

Brent has responsibility for Finance, Crown Entity Monitoring, Auckland Light Rail, Programme Assurance, Data and Analytics, Research Economic and Evaluation and the Emissions Programme Office.

Brent has been with the Ministry for 14 years and has held leadership roles across the organisation.

Bronwyn Turley
Deputy Chief Executive
System and Regulatory Design



Bronwyn leads our System and Regulatory Design group and has been with the Ministry since August 2021. The functions she leads are Regulatory Design and Stewardship, Economic Regulation, Security and Resilience (including transport emergency management responses), Environment and Emissions Policy Design, Safety and Mobility, COVID-19 response and readiness, and the Search and Rescue Council Secretariat.

Bronwyn has leadership experience in several public sector agencies, in a career that has focussed on regulatory design and implementation.

Karen Lyons

Director – Auckland



Karen joined the Ministry in 2017 and leads the Ministry's work on Auckland. This involves work to align Government's and Auckland's strategic priorities, overseeing a range of projects and working with teams across the Ministry to integrate work that impacts on Auckland. Karen oversees the Ministry's small Auckland office and works closely with the transport sector in Auckland including Auckland Council and Auckland Transport.

Karen is an experienced senior leader. Before joining the Ministry, Karen held a range of general manager positions at Auckland Council within the economic, strategy and governance areas. Earlier in her career Karen worked as an economist at the New Zealand Treasury and HM Treasury in London.

Robyn Smith

Deputy Chief Executive

Corporate Services



Robyn leads our Corporate Services group and has been with the Ministry for 5 years. The functions she leads are Ministerial Services, Legal and Procurement, Risk, Human Resources, Information Technology, Engagement and Communications, and Business Support.

Robyn has significant senior leadership experience developed during her 18 years working in the energy sector, both in New Zealand and Australia.

Paul Laplanche
Chief Financial Officer



Paul leads our financial management function and has been with the Ministry for 5 years. He oversees the use of over \$9B p.a. of Vote Transport funding and provides financial advice on Crown Agency funding, investment and policy initiatives.

Paul has a wealth of experience in the transport sector having previously held roles as Chief Financial Officer at Waka Kotahi and the Civil Aviation Authority and senior finance roles within Local Government.

Your delegated responsibilities

Your delegated responsibilities are set out in your delegation letter of 23 February 2023 from the Minister of Transport:

- 1 The Land Transport (Road Safety) Amendment Bill and any matters concerning fleeing drivers;
- 2 Roadside drug testing and the drug driving regime;
- 3 The maritime sector, including day-to-day oversight of Maritime New Zealand;
- The aviation sector, including day-to-day oversight of the Civil Aviation Authority of New Zealand and the Aviation Security Service;
- 5 The Milford Opportunities Project, including matters relating to the Milford Aerodrome;
- 6 The Essential Transport Connectivity Scheme;
- 7 Oversight of Search and Rescue (SAR);

- 8 Initiatives and policy concerning the Chatham Islands;
- 9 Management of the Regulatory Systems (Transport) Amendment Bill No. 2, and its implementation;
- 10 Initiatives relating to bilingual signage;
- 11 The towage and storage policy review;

You are also responsible for assisting the Minister in developing and communicating the government's transport policy for and to regional communities and councils, including:

- Working with the Minister on plans to make the regional roading network more resilient;
- Working with the Minister to ensure that there is a strong regional perspective in GPS 2024-27 (the Minister of Transport retains overall responsibility for the content of the GPS);
- Engaging with regional councils and communities about the government's transport policies and projects, both to communicate the policies and hear councils' and communities' views;
- Attending transport sector events on the Minister's behalf and/or at his request;
- Engaging with the Minister and officials on Budget initiatives relevant to the above responsibilities;
- Other initiatives as agreed from time to time.

This briefing contains a more detailed explanation of your delegated responsibilities. Some include specific projects, such as the Milford Opportunities Project, while others cover broader topics, such as regional engagement. Note, we have ordered the contents of the BIAM slightly differently to how the delegations have been described for ease of reading.

We anticipate close engagement with the Minister of Transport will be required, particularly in areas where your responsibilities are part of a broader work programme or where the Minister of Transport has retained responsibility for funding decisions.

If required, we will provide oral briefings to supplement this briefing.

Engaging with regional communities and councils

A key part of your role will be engaging with regional communities and councils about the Government's policies and projects in the transport sector. This section gives an overview of main issues for transport in the regions.

Improving and maintaining connectivity is critical for the regions but it is becoming more challenging, especially for connections in small and isolated communities. Maintaining resilient and safe roading connections is very front of mind for the regions as they are an enabler for people to participate in society and for economic connectivity. However, it is becoming a challenge, especially with more extreme weather events (such as Cyclone Gabrielle) and other issues like the increasing costs-of-living and the costs of maintaining our networks. Traditional public transport services often have little utility in rural areas so more innovative solutions are needed for rural residents to access essential services. Rail delivers regional benefits, and the Government has been investing in a more resilient rail network under the New Zealand Rail Plan. The Ministry has also

been advising the Parliamentary Transport and Infrastructure Committee inquiry into the future of inter-regional passenger rail transport.

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Local governments are finding it hard to fund transport infrastructure. The regions are concerned that revenue collected through fuel tax and road user charges are not being invested back into those regions. The rising costs of maintaining road networks is contributing to this problem, as well as being an issue in general. Some regions feel there is a disproportionate amount of spending on urban compared to rural areas. There are equity considerations of how we share costs between ratepayers and taxpayers, as well as between current and future generations. Some of these issues are being addressed in the Ministry's Future of Revenue Project.

COVID-19 has renewed concerns about maintaining air services and airport infrastructure for geographically isolated communities. Critical regional connectivity services were supported under the Essential Transport Connectivity (ETC) scheme, part of the Government's response to response to COVID-19. However, there are commercial services that continue to require support beyond the ETC scheme.

The air navigation system is a key part of regional transport infrastructure, but policy settings are increasingly out of date and the system does not always meet the needs of our regions. The Air Navigation Services Review will be an important part of your portfolio. The Independent Review Panel has just reported back noting the system is safe and effective, but it is not fit for the future. You will shortly be asked to consider the Panel's recommendations and decide what recommendations you wish to take forward.

Regional Spatial Strategies are coming as part of major changes to regional planning. Under the Government's resource management reforms in the House, regions will move to longer term spatial planning and will need to make Regional Spatial Strategies. These strategies will guide Regional Land Transport Plans made under the Land Transport Management Act 2003. An objective of the reforms has been to better link land use planning and transport planning. Under the proposed reforms, the Government will be closely involved in the development of Regional Spatial Strategies and will be a member of the committees that will be established to make them.

Maintaining an effective supply chain. The Ministry is leading the development of the National Freight and Supply Chain Strategy. The strategy will map a pathway to a zero-emissions freight system and ensure Aotearoa New Zealand is resilient to supply chain disruptions like those experienced during Covid-19. This strategy will be of interest to local government both as transport users and as owners of significant transport assets like ports.

Improving the safety of regional roads is a priority. The Government has a variety of initiatives to improve road safety through its strategy 'Road to Zero'. Your engagement with the regions on these initiatives will be valuable in achieving the strategy's objectives. This BIAM discusses regional road safety further below.

Emissions reduction has a strong regional dimension. You will work closely with regions to build understanding of the Government's emissions reduction plan (ERP) and support a dialogue on key initiatives such as reducing Vehicle Kilometres Travelled (VKT). Regions will be asked to contribute less than cities to emissions reduction in land transport (with regional VKT reduction targets still to be set).

Climate change and other natural hazards will continue to challenge New Zealand's transport infrastructure for the foreseeable future. The frequency and severity of extreme weather events are increasing, and regional areas are more vulnerable to these. The Government is developing a National Adaption Plan that will give direction on how New Zealand will adapt to the irreversible impacts of climate change. An important function of the Ministry is to maintain a Transport Response Team as part of its obligations as the coordinating entity for the transport sector for emergency management.

Meeting our obligations under Te Tiriti o Waitangi requires ongoing effort, informed by regular engagement with mana whenua. We want to engage earlier, as often Māori have been consulted on delivery, rather than as part of the planning process. We are lifting our capability within the Ministry so we can better support you in your interactions with Māori in the regions.

Road safety

Too many people are seriously injured or killed on our roads. The current fatality rate per capita on New Zealand roads is more than twice that of the better performing Australian states and more than three times the better performing countries in Europe. Provisional figures for 2022 show that 380 people lost their lives in road crashes, with many more suffering permanent life-changing injuries. This level of harm, which is preventable, has a permanent and profound impact on New Zealand communities.

Released in late 2019, the Road to Zero strategy is based on a vision where no one is killed or seriously injured in road crashes. As a step towards achieving this vision, Road to Zero sets a target for reducing deaths and serious injuries on our roads by 40 percent (from 2018 levels) by 2030.

The road safety partner agencies in Road to Zero include the Ministry, Waka Kotahi, New Zealand Police, and ACC. Each partner is responsible for leading a range of different actions, or different components within individual actions. Other agencies such as the Ministry of Justice, WorkSafe New Zealand and the Ministry of Business, Innovation and Employment, as well as local government, non-government organisations, and transport industry partners, also have roles in delivering Road to Zero.

While the policy decisions around Road to Zero are largely made at a national level, there are interventions that are relevant to regional transport.

ROAD SAFETY

Roadside drug testing and the drug driving regime

Your delegations include the drug driving regime. Enhancing testing at the roadside to detect and deter drug driving is a key action under Road to Zero.

Legislation comes into force on 11 March 2023 which is intended to enable Police to use a roadside oral fluid testing regime to deter and detect drug driving. Similar to alcohol random roadside testing, the new regime was intended to enable infringements to be issued on the spot to drivers who had two positive oral fluid tests for one or more qualifying drugs. § 9(2)(f)(iv)



Waka Kotahi is responsible for delivering safety improvements

Waka Kotahi provides regular reports to the Minister of Transport on progress in delivering safety interventions under Road to Zero, including infrastructure improvements and changes to speed limits. At a local level, support from the public and local government is important in ensuring smooth infrastructure delivery. To date, a lack of local support for improvements such as new median barriers has resulted in slower than planned delivery. There may be an opportunity for you to support these improvements through engagement at the local government level.

New Zealand Police is the lead agency for enforcing road rules and ensuring that people use the roads safely. Targets for road policing levels are set through the Road Safety Partnership Programme, which is an agreement between Waka Kotahi and New Zealand Police. This includes targets for breath screening tests and mobile speed camera hours among other interventions.

A new speed management framework came into force in May 2022

Waka Kotahi is the responsible road controlling authority (RCA) for State Highways. Local councils (territorial RCAs) are road controlling authorities for local roads. Road controlling authorities are responsible for setting the speed limits on their roads.

The Government has approved a Tackling Unsafe Speeds programme of proposals including:

- establishing a new regulatory framework for speed management on New Zealand's roads using speed management plans
- transitioning to safe speed limits around schools to be in place by the end of 2027
- implementing a more effective approach to using road safety cameras using a mixed 'highly visible' and 'anytime/anywhere' general deterrence approach.

The new speed management framework gives territorial RCAs a new requirement to develop speed management plans. This will result in more consistent speed limits.

There may be opportunities to support regional leaders to champion safer speed limits in the regions. There is sometimes push-back from communities, arguing that lowering speed limits will result in longer travel times and is being done instead of upgrading and properly maintaining roads or installing more safety infrastructure.

Many members of the public do not understand why most current speed limits are not safe, and how unsafe speed limits are contributing to harm on our roads. This perceived lack of public support for RCAs may impact their pace of implementing safe and appropriate speed limits.

Several regional councils have expressed concerns that issues they have raised in the consultation process are not being heard and have identified resourcing and funding challenges associated to this.

Land Transport (Road Safety) Amendment Bill

To ensure New Zealand Police (Police) and other enforcement agencies have the resources and powers to disrupt and prosecute offending, Cabinet agreed [CAB-22-MIN-0514] to progress proposals to:

- increase the period of driver licence disqualification for a second offence of failing to stop or remain stopped as signalled, requested or required from one year (current) to one to two years;
- enable a Court to make an order that a vehicle be forfeited on conviction for offences relating to a failure to stop or remain stopped;
- allowing a vehicle to be seized and impounded for 28 days if the officer believes on reasonable grounds the person has failed, refused, or provided false or misleading information to a request for information relating to a fleeing driver event, if Police form a reasonable belief that impounding a vehicle is necessary to preserve road safety.

s 9(2)(f)(iv)		

s 9(2)(f)(iv)



s 9(2)(f)(iv)

This work also relates to proposals progressed through the Criminal Activity Intervention Bill, which has been reported back to Parliament by the Justice Select Committee and is expected to progress through final House stages in February/March. This Bill expands the circumstances under which the Police can seize and impound vehicles for 28 days.

Upcoming decisions:

Action	Description of decision to be made	Timeframe
s 9(2)(f)(iv)		

Towage and Storage Policy Review

The Ministry has a programme of work reviewing the parking regulatory system. A system assessment was complete in 2021, and proposals to amend the system developed over the course of 2022. This included proposals to review the regime for regulated towage and storage (where a council has towed an illegally parked vehicle, or where New Zealand Police impounds a vehicle).

The Minister of Transport decided to progress improvements to regulatory settings for towage and storage in two stages starting with an increase to the regulated fees for impounded vehicles and illegally parked vehicles and following this with a full system review in 2024. The Minister of Transport also agreed to progress consultation on the regulated fees alongside consultation on a review to parking offences and penalties.

s 9(2)(f)(iv)	

Upcoming decisions:

Action	Description of decision to be made	Timeframe
s 9(2)(f)(iv)		
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The Essential Transport Connectivity scheme

The Essential Transport Connectivity scheme supports essential transport operations to manage the fall-out from COVID-19

On 11 May 2020, Cabinet agreed to establish the ETC scheme [CAB-20-MIN- 0219.28 refers]. The purpose of the scheme was to ensure that important transport connections throughout New Zealand were maintained while transport providers dealt with the short-term impacts of COVID-19.

The ETC scheme provided support for a wide range of transport operators across New Zealand. Supported operators were required to meet strict financial and non-financial requirements. Support was provided on a 'break- even' basis, where providers reported the total revenue received in delivering their services and the Ministry provided funding up to a previously agreed 'break-even' point.

On 19 April 2022, Cabinet agreed that the ETC scheme should be extended to a maximum of 31 October 2022. This decision reflected that the short-term impacts of COVID-19 were decreasing and now domestic travel requirements resulting from COVID-19 have been effectively removed. This point was selected as the right time for transport operators to return to normal market operating conditions.

The Ministry considers the scheme has been successful in achieving its objectives and is now no longer required. Any persistent market challenges being experienced by transport providers are no longer related to the short-term response to COVID-19 that the ETC scheme was developed to address.

However, there are two important services previously supported by the ETC which are not yet commercially viable – Air Chathams and Entrada's West Coast bus service. We consider these are critical to the well-being of their communities and, as such, required further support beyond the ETC scheme.

Short-term intervention for Air Chathams and Entrada Travel Group

In late December 2022, Cabinet approved a short-term intervention for Air Chathams and Entrada Travel Group (trading as Intercity) whereby the surplus funds from the ETC scheme of ~\$2.5 million would be allocated to maintaining transport connectivity through to 31 March 2023, with a maximum of \$2.4 million allocated to Air Chathams and \$0.2 million for Entrada Travel Group.

The Ministry recommended this approach because of continued short-term challenges faced by operators, which continue to impact their ability to trade at normal commercial levels. The Ministry is working to put in place agreements with Air Chathams and Entrada Travel Group, which will be similar to those used in the ETC scheme.

Air Chathams

The Chatham Islands rely on air services to access mainland medical services and medical supplies, fresh food, the New Zealand market for Chatham Islands industries, wider labour markets, and secondary education.

Air Chathams has been the sole commercial provider of air services with the Chatham Islands since 1995 and operates a sizeable domestic network within mainland New Zealand. Air Chathams was one of the largest recipients of support under the ETC scheme throughout COVID-19. However, at the conclusion of the scheme Air Chathams expected to face material financial challenges over the following eight to twelve months which were unlikely to be able to be met by their reserves. As such, a short-term intervention was decided by Cabinet.

Entrada Travel Group

The West Coast is a geographically isolated area of the South Island. Bus services have traditionally been an important element of connectivity within this region, particularly for residents without private vehicle access. These services have been offered by Entrada Travel Group's InterCity branded services and were consistently supported by the ETC scheme. These services have historically been profitable due to the presence of international tourists who drive significant demand for these routes. While generally tourism demand has been improving following the removal of border restrictions, tourist numbers are not yet sufficient on the West Coast for these services to be commercially viable in their own right. As such, InterCity has elected not to continue to provide these services following the conclusion of the ETC scheme. This results in a connectivity loss for residents, including access to medical care and schooling.

s(9)(2)(f)iv	

Chatham Islands' vessel replacement

Budget 2022 provided \$35.1 million in contingency funding to repair and replace the 35 year old Southern Tiare. s 9(2)(f)(iv), s 9(2)(j)

Work is underway between the Ministry, the Department of Internal Affairs, the Ministry of Primary Industries, the Treasury, and the Chathams Islands Enterprise Trust on accessing the remaining tagged contingency and the process for replacing the Southern Tiare. We expect to report back to Minsters on progress and request the remaining funding sometime in March.

Consultation with other stakeholders on the Chatham Islands has also started. This will be crucial in terms of getting 'buy-in' from the various Island groups that utilise this vital transport link that the Island requires.

We are also working with the Department of Internal Affairs on its review of the Chatham Islands' infrastructure and assets. This will consider the infrastructure investments and sustainability of the Chatham Islands' infrastructure, including the wharf, telecommunications, fuel supply, the airport, and the current proposals for replacing the Southern Tiare.

The Milford Opportunities Project

Milford Sound Piopiotahi is one of Aotearoa New Zealand's premier visitor attractions and a UNESCO World Heritage site. There were a record 870,000 visitors in 2019, with demand forecast to reach 1.5 million by 2050.

Ongoing visitor pressure is likely to increase congestion along the Milford Road (State Highway 94) and in Milford Sound Piopiotahi, reduce safety, intensify pressure on ageing infrastructure, and compromise conservation values.

A masterplan for the Milford Sound Piopiotahi area was announced in May 2021, setting out recommendations to completely reorganise how the area is experienced by visitors. Key transport recommendations include managing access to the Milford Road through permits and a public transport system, removing the aerodrome and replacing it with a heliport, and banning cruise ships.

A Ministerial Advisory Committee, referred to as the Milford Opportunities Project Board, and a unit were established to undertake feasibility testing on the masterplan to June 2024.

The Board and the Unit are hosted by the Department of Conservation (DOC) and report to the Minister of Conservation, Minister of Tourism and Associate Minister of Transport. DOC, the Ministry of Business, Innovation and Employment (MBIE) and the Ministry support the Board and Unit and provide separate agency advice to the Ministerial Group.

The feasibility testing work is supported by \$15 million from COVID-19 tourism recovery funding.

The Ministry and Waka Kotahi are working with the Unit, DOC and MBIE to look at the current state of policy and legislation to understand what pathways there are for implementing the Masterplan's recommendations. This is an opportunity to set a precedent for how tourism and travel is done throughout New Zealand in the future.

s 9(2)(f)(iv)		

The Masterplan recommends closure of the Milford Sound Piopiotahi aerodrome in favour of a heliport

The Ministry has a particular interest in the masterplan because it operates the aerodrome, which provides air access to the area.

Until decisions are made in relation to the Milford Opportunities Project, the Ministry continues safe operation of the aerodrome. This includes work to meet the requirements for a Qualifying Aerodrome under Civil Aviation Rule Part 139 and contracting day-to-day management activities to a specialist third party.

Upcoming decisions

Action	Description of decision to be made	Timeframe
s 9(2)(f)(iv)	·	
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The Regulatory Systems (Transport) Amendment Bill No. 2

The regulatory system needs regular maintenance and renewal

There are 26 transport-related Acts, 15 Regulations, and 151 Rules across the three modes of transport (land, aviation, and maritime). Without effective and efficient regulation, the transport system is unlikely to deliver on Government's objectives.

The Ministry is responsible for monitoring and caring for our regulatory systems, with a regulatory stewardship approach that takes a proactive, future-focused, and system-wide view across transport legislation.

Our regulatory stewardship approach looks like:

- ongoing maintenance and improvement across the system, regularly bringing together groups of small to moderate changes that otherwise would struggle to be prioritised (e.g., Regulatory System Bills)
- undertaking deep-dive reviews into dated and ineffective legislative regimes to identify
 necessary changes, generally either by subject matter (e.g., a review of the parking regulatory
 system) or by piece of legislation (e.g., the review of the Civil Aviation Act)
- ensuring regulatory frameworks and entities are structured and supported to effectively respond to future system challenges

• ensuring that wider legislative changes in response to government priorities consider bestpractice, modern legislative design principles.

A Regulatory Systems (Transport) Amendment Bill has been developed

The proposed Regulatory Systems (Transport) Amendment Bill No.2 (RSTA 2) proposes technical, moderate impact, and crucial improvements to the land and maritime transport legislative frameworks.

In May 2022, the Ministry consulted on 33 proposals to be included in the RSTA 2 Bill. Proposals were split into two consultation documents for land and maritime, to enable targeted consultation with specific stakeholders.

Proposals were categorised under five main objectives:

- Improving the effective use of technology. Legislation needs to be flexible enough to enable
 the use of new technology. Proposals under this objective future-proof the regulatory
 framework and enable cost savings for the regulators.
- Clarifying the roles, responsibilities, and requirements in the regulatory system. Effective
 application of legislation can be hindered when the purpose of a regulatory role, responsibility
 or compliance requirement has not been determined, or no longer reflects the current situation.
 Proposals under this objective support coherence of the regulatory framework by better
 clarifying the intent.
- Maintaining safety through responsive regulatory action. Legislation needs to provide regulators with responsive regulatory powers that are flexible enough to allow maintenance of safety standards, while minimising unnecessary compliance costs for operators.
- Addressing inconsistencies, improving system efficiencies, and removing duplication. When
 legislation is amended over time, changes can create inconsistencies and errors. Proposals
 under this objective address minor drafting errors and technical amendments.
- Modernising transport legislation to ensure it is fit-for-purpose. Legislation is an asset that
 requires maintenance and care over time to ensure it is effective, fit-for-purpose and
 accessible. Proposals under this objective support legislative coherence.

Following	consultation,	there	were	several	changes	to	the	RSTA 2
proposal li	st							

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

•	s(9)(2)(f)iv)	

You were consulted on the inclusion of these proposals into the Road Safety Bill in your capacity as Minister of Justice.

This leaves 28 proposals to be progressed through the RSTA 2 Bill. s(9)(2)(1)(1)

Privacy concerns were raised on the proposal to enable the use of average speed cameras

Point-to-point speed cameras, or average speed cameras, measure the average speed taken to travel between two points. When Cabinet's approval to consult on the RSTA 2 Bill was sought, privacy concerns were raised on the provision of average speed cameras. Waka Kotahi has previously worked with the Office of the Privacy Commissioner on a Privacy Impact Assessment. All recommendations from this work have been accepted by Waka Kotahi and will be implemented. These have been provided to the Ministry to consider further.

s(9)(2)(f)iv

Alongside this, Ministry officials are looking into whether further Privacy Impact Assessments are required for the introduction of automated infringement processing.

He Tohu Huarahi Māori Bilingual Traffic Signs Programme

The Minister of Transport made a commitment to having bilingual traffic signs implemented throughout Aotearoa New Zealand by the end of this Government's term. Waka Kotahi NZ Transport Agency and Te Manatū Waka Ministry of Transport have been progressing this work.

The He Tohu Huarahi Māori Bilingual Traffic Signage work programme has been divided into two phases:

- Phase 1: identify, consider, and enable a prioritised selection of bilingual signs by the end of 2023.
- Phase 2: undertake a process to consider and, where appropriate, implement the rest of the signs from 2024.

Enabling the Kura Schools suite of signs was the first part of Phase 1, and this was completed in April and May 2022 when the *Land Transport Rule: Traffic Control Devices (Kura/School Signs) Amendment 2021* came into force.

SEARCH AND RESCUE

Work on the next stage of Phase 1, a prioritised package of signs, is ready to be progressed.

Upcoming decisions

Action	Description of decision to be made	Timeframe
Approve	Approval to publicly consult on a prioritised package of bilingual traffic signs	March/April 2023

Search and rescue

The coordination and provision of 24/7 search and rescue services is an international obligation for New Zealand under maritime and aviation conventions. New Zealand has an allocated search and rescue area covering over 30 million square kilometres, extending from the Pacific Islands to Antarctica.

In 2021/22, the search and rescue sector responded to nearly 3,000 incidents resulting in 150 lives saved, 715 people rescued, and 799 people assisted. Social costs of \$660 million were averted by saving those 150 lives.

New Zealand Search and Rescue Council and Consultative Committee leads search and rescue

The New Zealand Search and Rescue Council provides strategic governance and leadership for New Zealand's search and rescue system. It was established in 2003 and comprises representatives from the Ministry (chair), Maritime NZ, the CAA, DOC, New Zealand Police, New Zealand Defence Force, Fire and Emergency New Zealand, and an independent member.

The New Zealand Search and Rescue Council is supported by a Secretariat and Consultative Committee (comprising member organisations from across the broader search and rescue sector). The Secretariat is accountable to the New Zealand Search and Rescue Council, providing support services, policy advice, and delivering the New Zealand Search and Rescue Council's strategy. The Ministry is funded to host the Secretariat and provides independent search and rescue funding advice.

Search and rescue operations and funding

Search and rescue operations are coordinated by either the Police or the Rescue Coordination Centre (which is an operating group within Maritime NZ). A wide variety of organisations may participate in search and rescue operations, including DOC, New Zealand Land Search and Rescue, Coastguard New Zealand, Surf Life Saving New Zealand, rescue helicopters, New Zealand Police, commercial vessels, New Zealand Defence Force and a variety of smaller organisations or assets including members of the public. Over 90 percent of search and rescue personnel are unpaid volunteers.

The Land Transport Management Act empowers the Ministers of Transport and Finance to allocate funding from fuel excise duty paid by recreational boat users for search and rescue purposes. The New Zealand Search and Rescue Council (on behalf of the Ministry) administers approximately \$18.2m per annum of fuel excise duty investment into search and rescue sector agencies. The New Zealand Search and Rescue Council (on behalf of the Ministry) also administers the Government's investment of \$15.1m per annum into frontline water safety services (Coastguard New Zealand and Surf Life Saving New Zealand).

Recreational Safety and Search and Rescue Systems Review

A review of the recreational safety and search and rescue systems started in mid 2021 and is due to be completed in 2023. Fuel Excise Duty funding of \$1.5 million has been allocated to support the review. An Advisory Group of key government and non-government stakeholders are closely involved in the Review.

The Review findings and recommendations are being drafted and tested with the Advisory Group. The recommendations will respond to several challenges and risks within the systems including dispersed governance arrangements, insufficient and piecemeal policy support from central government, the sustainability of the volunteer model (and challenges around the diversity of volunteers), access to critical assets and technology, and ongoing funding sustainability.

5 5(2)(1)(10)		

Maritime New Zealand, the Civil Aviation Authority and the Aviation Security Service

Most of the service delivery and regulation in the transport system is carried out through the transport Crown entities, which operate with a degree of statutory independence from their responsible Minister.

This BIAM provides a high-level introduction to your responsibilities in relation to the CAA and Maritime NZ – further detail can be found in the Public Service Commission's "Guide for Ministers: Statutory Crown entities1" and in Appendix 2.

Transport Crown Entity Portfolio

The Crown Entities Act 2004 (the Act) provides a framework for the establishment, governance and operation of Crown entities, including the transport sector Crown entities listed in Table One.

Section 27 of the Act states "the role of the responsible Minister is to oversee and manage the Crown's interests in, and relationship with, a statutory entity and to exercise any statutory responsibilities given to the Minister, including..."

- the appointment and removal of Board members
- participating in the process of setting the entity's strategic direction and performance expectations
- monitoring the entity's performance
- reviewing the operations and performance of the entity.

Table 1 Transport Crown Entity Portfolio

	Responsible Minister	Establishment legislation	Type of Crown entity
CAA	Associate Minister of Transport	Civil Aviation Act 1990	Crown agent
Maritime NZ	Associate Minister of Transport	Maritime Transport Act 1994	Crown agent
Waka Kotahi NZ Transport Agency	Minister of Transport	Land Transport Management Act 2003	Crown agent
Transport Accident Investigation Commission	Minister of Transport	Transport Accident Investigation Commission Act 1990	Independent Crown entity

¹ Refer to https://www.publicservice.govt.nz/quidance/quide-for-ministers-statutory-crown-entities/

	Responsible Minister	Establishment legislation	Type of Crown entity
City Rail Link Ltd	Ministers of Finance and Transport ²	N/A	Schedule 4A Public Finance Act Company (established under the Crown Entities Act)
Auckland Light Rail Limited	Ministers of Finance, Housing and Transport ³	N/A	Crown Entity Company (established under Schedule 2 of the Crown Entities Act)

Crown agents (such as the CAA and Maritime NZ) must give effect to government policy if directed by the Minister, and must uphold the purpose, values and principles of public service when carrying out their functions – they are defined as part of the public service under the Public Service Act 2020.

What you can expect during your time as Associate Minister

Ministers are ultimately accountable for a Crown entity's activities and performance, despite their operational independence. The two most critical methods to oversee Crown entity performance is through regular interactions with the board chairs of each organisation, and ongoing monitoring. The Crown Entities Act establishes a Responsible Minister for each Crown entity.

Ministers are assisted by a monitoring agency to discharge their statutory functions. The Ministry is the monitoring agent for the transport Crown entities.

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power and perform the functions of each entity and hold responsibility for the operational decisions of their entities.



MINISTER: Accountable to public and Parliament for entity's performance. Manages Crown's interest and relationship with entity. Responsible for appointing Board. Requires clear information about an entity's performance and early warning of issues.

 Associate Minister: Support Responsible Minister in their duties. Delegated responsibility for certain functions and will provide insights to the Responsible Minister through those functions.



MOT: Supports Responsible Minister (and Associates) to fulfil their role. Requires clear information to provide considered advice to Minister(s) and discharge monitoring duties. Expected to be 'eyes and ears' of Minister.



BOARD: Exercises the power and performs the functions of entity. Holds authority for operational decisions. Requires appropriate information and skills to govern effectively.

Possesses individual and collective duties.

Shareholding Ministers. City Rail Link Ltd is jointly-owned by the Crown and Auckland Council.

³ Shareholding Ministers.

Except for certain matters, you are the Responsible Minister for the Civil Aviation Authority and Maritime New Zealand

This means that you will appoint and oversee those boards. You will also hold an important supporting role to the Minister of Transport for his other Crown entities through your other delegations.

There are a range of accountability mechanisms that the Ministry advises on to assist you and the Minister of Transport in overseeing the transport Crown entities and meeting your statutory responsibilities. These include letters of expectations, Statements of Intent, Statements of Performance Expectations, and Annual Reports. You will be copied into this advice and/or be invited to provide input as relevant to your delegations.

In addition to the core accountability mechanisms, the Ministry recommends holding regular meetings with Crown entity chairs to discuss entity governance, and performance issues and key risks. You may be asked to support the Minister of Transport for his meetings for matters relating to your delegated responsibilities. The Ministry will provide advice to assist with your engagements. In general, the Minister of Transport engages with the entity boards on a quarterly basis, to discuss key opportunities and risks across the entities. We recommend you also have similar engagements with the CAA and Maritime NZ.

You are responsible for appointing to several Boards and Committees

In addition to CAA and Maritime NZ board appointments, you have been delegated responsibility for appointments to two aviation Medical Convener positions, four positions on the Air Navigation Services Review Panel and 20 positions on the Oil Pollution Advisory Committee.

The most pressing decisions relate to the CAA Board, as two members' terms (including the Chair, Janice Fredric) expired in December 2022, and another member's term expires in June 2023. The timing of this year's General Election means that preliminary decisions will need to be made in a timely manner to complete the (re)appointments before the pre-Election period of restraint begins.

We will advise you in a separate briefing about the decisions and actions required across all delegated appointments.

We will provide you with advice to support the appointment and re-appointment of new board members. As part of this process, we will provide you with an assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective, and high performing.

Maritime New Zealand

Maritime NZ is a Crown entity established under the Maritime Transport Act 1990. It is responsible for promoting a safe, secure, and clean maritime environment for all commercial and recreational activities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people.

New Zealand's maritime sector is complex, diverse, and a major contributor to and enabler of the New Zealand economy through activities such as international shipping, marine manufacturing, and fishing. Maritime NZ leads international engagement to support New Zealand's interests in the

maritime sector. International rulemaking and standards facilitate New Zealand's trade, protect its maritime environment, and enhance seafaring safety.

Maritime NZ's three core roles are:

- Regulation help to develop and maintain the national safety, security, and environmental
 protection regulations that govern the operation of vessels, ports and offshore installations in
 New Zealand waters through its work domestically and internationally. Maritime NZ supports,
 encourages, and requires operator compliance by licensing and certifying operations,
 educating the maritime community, auditing operators and service providers, investigating
 incidents, and enforcing regulations.
- Compliance supporting, encouraging and requiring operator compliance with those regulations through Maritime NZ's regulatory regimes and compliance operating model.
- Response providing a national land, sea and air search and rescue coordination service and managing national maritime incident and marine pollution response capability.

Maritime NZ receives funding from a combination of sources including the Crown, Working Safety Levy, fuel excise duty, Maritime Levies, Oil Pollution Levies and direct fees and charges.

The Civil Aviation Authority and Aviation Security Service

The CAA is a Crown entity established under the Civil Aviation Act, which is led by the Director of Civil Aviation. The CAA has two functional divisions:

- The CAA performs safety and security regulatory functions.
- The Aviation Security Service delivers aviation security services at New Zealand's six security designated airports (Auckland, Wellington, Christchurch, Invercargill, Dunedin and Queenstown).

Under the Civil Aviation Act, the primary objective of the CAA is to carry out 'safety, security and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system'. Within the context of the overall strategic direction of the transport system, and the expectations set by you as Minister, the CAA achieves this through five main outputs:

- Policy and regulatory strategy ensuring the delivery of policy and regulatory projects, international linkages and Ministerial services. This includes, for example, coordinating the CAA's strategic engagement in the international aviation system, administering New Zealand's civil aviation obligations and interests within your delegation, delivering services to you (e.g., briefing you on key matters), proactively identifying emerging issues for aviation, and delivering major policy projects.
- Outreach providing increased understanding and knowledge of aviation safety among aviation sector participants and the public by fostering and promoting safety and security across the civil aviation sector and raising public awareness
- Certification and licensing ensuring the robust assessment of participants and products as safe and fit to be participating in New Zealand's civil aviation system by exercising control over

the entry and exit through the issuance or suspension of key aviation documents, as well as approvals to organisations, individuals, and products.

- Surveillance and investigation providing continued assurance that the civil aviation system
 in New Zealand is safe and secure through inspections and audits. This also includes
 assessment of safety data, and appropriate enforcement.
- Security service delivery (carried out by the Aviation Security Service) keeping passengers
 and people in the air and on the ground safe from aviation security threats through protocols
 such as passenger and baggage screenings, and other security measures.

Funding reviews are underway for both Maritime New Zealand and the Civil Aviation Authority

Traditionally, the CAA and Maritime NZ received most of their operating revenue from fees, charges, and levies imposed on third parties such as passengers and operators, rather than through Crown funding. We expect you to have responsibility for the rates at which these fees, charges, and levies are set, and for seeking Cabinet's agreement before recommending any changes to the fees.

The closure of borders in early 2020 significantly impacted this third-party revenue, resulting in the establishment of a liquidity facility to provide additional Crown financial support. This liquidity facility has funded most of the CAA's operational activities since borders were closed in 2020, and a large proportion of Maritime NZ's operational activities since the start of 2021.

Cabinet agreed in October 2021 to lift the moratorium on Maritime NZ and the CAA undertaking funding reviews. These reviews will be complex as the need to transition back to financial sustainability will be impacted by factors including cost increases (COVID-19 related and otherwise), uncertainty about what "the new normal" will look like from a border agency perspective, and the ability of industry to absorb any cost increases.

9(2)(f)(iv)		
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We have started a significant review of maritime legislation

In late 2022, the Ministry began a review of the Maritime Transport Act 1994 (MTA) and related primary legislation. The MTA is the main legislation regulating maritime activity, including navigational safety and marine environmental protection.

Over time, the MTA has become out of date and fragmented. The review presents an opportunity to assess whether the overall maritime system is working as well as it could and prepare for a rapidly changing future.

The review is likely to take around five years through issues identification and policy development to enactment. Over 2023, we will undertake a broad scoping exercise. In discussion with government and sector stakeholders, we will identify issues that may need to be addressed by the review and begin policy development.

Maritime and aviation rules

The Minister of Transport is empowered under aviation, maritime and land transport sector statutes to make rules. Cabinet approval is not required to make transport rules unless matters are deemed significant or controversial. Rules and accompanying regulations are classified as secondary legislation and prescribe the standards, practices and procedures that regulate operations within the transport system. Rules can be prescriptive or performance-based measures.

As part of our joint regulatory stewardship practice, the Ministry, Waka Kotahi, Maritime NZ and the CAA are responsible for the maintenance and renewal of transport rules. While Parliamentary Council Office is responsible for drafting primary and some secondary legislation, most maritime and aviation rules are drafted by the relevant Crown entity. The Ministry supports Maritime NZ and the CAA to develop the policy that underpins the rules and advises the relevant Minister.

The Minister of Transport receives quarterly updates on the entire regulatory work programme (all transport projects with proposed primary and/or secondary legislation change). The next quarterly update is mid-March. A summary of this is published on the Ministry's website.

The maritime and aviation rules programmes are extensive, and due to the complex and dated nature of both rule sets, Maritime NZ and the CAA have a large backlog of rule reviews and amendments waiting "in the wings".

Runway condition reporting rule

We are working on an aviation rule change to require aerodromes (when specified) to provide standardised runway condition reporting. \$9(2)(f)(iv)

Maritime and aviation emissions

The Paris Agreement is silent on the inclusion of the international maritime and aviation sectors within State's domestic accounting. The respective United Nations sector bodies, the International Civil Aviation Organization and the International Maritime Organization are responsible for taking action to reduce greenhouse gas emissions from these sectors.

The Climate Change Commission will provide	e the Governme	nent advice on th	ne whether a	nd how to
include international maritime and aviation	emissions in	n Aotearoa Nev	v Zealand's	domestic
emissions reduction targets. s(9)(2)(f)iv)				

New Zealand is involved in an international maritime emissions reduction work programme

States, including New Zealand, are working through the International Maritime Organization to pursue emissions reductions from international shipping. New Zealand's delegation will attend the next round of International Maritime Organization negotiations in March (remotely), and June/July (in person). The negotiations will discuss targets and measures to reduce international maritime emissions and the revision of the International Maritime Organization's initial strategy on the reduction of greenhouse gas emissions from ships. The mid-year negotiations will be a particularly important opportunity for Aotearoa New Zealand to influence the adoption of high-ambition maritime emissions reduction targets and measures.

We are supportive of developing a "basket of measures", which needs to include an economic measure (making zero carbon fuels price competitive with fossil fuels) and technical measure, such as a fuel standard (measuring and reducing the greenhouse gas intensity of fuels). We would also like to see an ambitious revised greenhouse gas emissions reduction strategy adopted, in line with the 1.5°C Paris temperature goal adopted. New Zealand is a party to the main international treaty that will incorporate these measures (Annex VI of MARPOL, the international agreement preventing air pollution and emissions from ships) so if an ambitious strategy is adopted, its measures may eventually be binding on New Zealand.

As part of negotiations, we also have a role in advocating for the interests of Pacific Island countries consistent with our national interest and supporting the need for an equitable transition as international shipping decarbonises.

At the 2021 United Nations Framework Convention on Climate Change Conference of the Parties (COP26), New Zealand signed the Clydebank Declaration, which seeks to establish zero-emissions shipping on 6 key trade routes by 2025, with more to follow by 2030. We are working with like-minded countries like Australia and Singapore, with participation from ports, operators, and others along the value chain, with a view to potentially establishing green shipping corridors. This would align with the Government's high ambition agenda on climate change matters and the existing Cabinet mandate for International Maritime Organization negotiations, and complement existing work at the International Maritime Organization to reduce emissions from shipping but will be challenging to pursue at pace within current resources.

New Zealand is involved in an international aviation emissions reduction work programme

States including New Zealand are working through the International Civil Aviation Organization to pursue emissions reductions in international aviation.

In 2013, the International Civil Aviation Organization agreed on a global aspirational goal to achieve carbon neutral growth in the international aviation sector from 2020. This resulted in the creation of the Carbon Offsetting and Reduction Scheme for International Aviation, a global market-based measure for reducing and offsetting carbon emissions in this sector.

The Carbon Offsetting and Reduction Scheme for International Aviation is not sufficient to achieve the Paris Agreement's wider decarbonisation objectives. It is an interim measure and will only be in place until sustainable aviation fuels or new technologies become more viable. It will be in place until 2035 and, prior to this expiration, the International Civil Aviation Organization and States will consider if its life should be extended.

At the 41st International Civil Aviation Organization General Assembly in October 2022, International Civil Aviation Organisation Member States adopted a collective long-term global aspirational goal of net-zero carbon emissions by 2050. At the Assembly, New Zealand focussed on promoting measures aligned with an equitable transition, and our working paper urging States to adopt an equitable transition was received well and supported by other States.

At COP26 (the 2021 United Nations Climate Change Conference), New Zealand agreed to the International Aviation Climate Ambition Coalition and associated Aviation Net Zero Declaration. This Declaration supports the goal of net zero international aviation emissions by 2050, implementing the Carbon Offsetting and Reduction Scheme for International Aviation and investigating a sustainable biofuels mandate to support alternative fuels for aviation.

The domestic maritime and aviation emissions reduction work programme responds to the Emissions Reduction Plan (ERP)

Aviation accounts for six percent of our domestic transport emissions and the shipping sector around three percent (as currently defined). The ERP includes multiple actions to begin reducing our domestic maritime and aviation emissions and the 2022-2025 decarbonising transport action plan sets out in more detail the work needed to deliver these actions. Work is underway on elements of this work programme.



You are responsible for coordinating an aviation sector leadership group to reduce aviation emissions.

This action arises from the ERP, which is to: Facilitate a public-private body, akin to the UK's Jet Zero Council, to investigate opportunities to progress aviation decarbonisation in New Zealand, such as SAF, zero-emissions aircraft, and traffic efficiencies.

In late 2022, the Sustainable Aviation Aotearoa group was formed. This leadership body is a partnership between industry and government to bring together ministers and stakeholders, with the aim of delivering sustainable aviation outcomes. In its inaugural meeting, Sustainable Aviation

AIR SERVICES AGREEMENTS

Aotearoa agreed to establish three working groups to advance key areas of interest: sustainable aviation fuel (SAF), zero-emissions aviation, and reviewing existing policy and regulatory settings to support a strategic approach to aviation emissions reduction.

Officials are in the process of scoping these working groups. The intention is for the core Sustainable Aviation Aotearoa group to meet quarterly, with the working groups meeting more frequently as needed.

Air services agreements

Under an international system dating back to the 1940s, airlines can only operate international services where the right to do so has been expressly permitted in a bilateral air services agreement (ASA) or one of the limited number of multilateral agreements. New Zealand's long-standing International Air Transport Policy promotes the negotiation of open skies air services agreements that will increase New Zealand's global connectivity.

New Zealand has negotiated air services arrangements with over ninety partners across the world. Given the breadth of New Zealand's air services relationships, and the fact that so many are of an open skies nature, there are no major policy issues.

New Zealand is negotiating an ASA with the Association of Southeast Asian Nations

An ASA with the Association of Southeast Asian Nations (ASEAN) would replace the bilateral ASAs New Zealand has with each of the 10 ASEAN member nations.

Negotiations to date have resulted in a near-finalised ASA text. s 6(a)			
s 6(a)			

Upcoming decisions on ASAs:

The Ministers of Transport and Foreign Affairs jointly approve the mandates for air services negotiations and approve the outcomes where these involve a treaty action.

Action: De	escription of decision to be made:	Timeframe:
s 9(2)(f)(iv)		

Air Navigation System Review

The air navigation system is a critical part of our national infrastructure. It enables safe aviation operations that in turn deliver services and benefits across a ride range of sectors.

In February 2020 Minister Wood agreed to a high level, first principles review of the air navigation system to be done in two phases:

Phase 1: to define the principles and objectives that describe what New Zealand needs and wants from the system now and 30-50 years into the future, and

Phase 2: assess if the policy and regulatory, institutional, and funding settings can deliver those outcomes.

Minister Wood appointed an independent panel (the Panel) to conduct the review, comprising:

- Debbie Francis (Chair)
- Howard Fancy
- Ed Sims
- Danny Tuato'o.

A secretariat, hosted by Te Manatū Waka, supports the Panel. A sector reference group and Māori reference group provide expert input and advice to the Panel.

The Panel's Phase 1 report is completed

The Panel completed its phase 1 report in October 2022. The Panel heard that the system is safe and operates effectively as part of New Zealand's critical infrastructure. However, it is not fit for purpose for the future. Climate change, technological disruption, geopolitical change and an increasing variety and complexity of system users means the status quo is not an option.

The Panel's view is that the changes required are transformational not incremental and are systemic rather than structural.

The Panel identified seven key focus areas for change: system leadership, stewardship and governance, national interest, workforce capability and capacity, te ao Māori perspectives and partnership, regulatory agility, funding and investment, and international connections.

The Panel is developing recommendations that address these areas, including commentary on prioritising and sequencing of actions. The Panel considers that urgent action is required. Countries that we compare ourselves to are ahead of us in making these changes and we risk being left behind with economic and other consequences.

A modern, future-fit air navigation system will deliver economic, environmental, social and safety benefits. The change ask will be significant. It will need a shared vision, expert leadership, system-wide thinking and coordination, and a commitment to maintaining safety in an increasingly complex and disrupted system. The panel's view is that the risks of doing nothing, and the loss of potential benefits, outweigh the likely challenges.

Upcoming decisions on the Air Navigation System Review:

Action:	Description of decision to be made:	Timeframe:
Consider independent panel's report	You will receive the independent panel's report and will then need to determine what recommendations you wish to take forward to Cabinet. The Ministry will provide you with advice.	Late March 2023
s(9)(2)(f)	iv)	

Civil Aviation Bill

The Civil Aviation Bill (the Bill) will repeal and replace the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with modern legislation.

The Bill was referred to the Transport and Infrastructure Committee (the Select Committee) in September 2021. The Select Committee reported back to the House on 2 June 2022 and the Bill is part way through its second reading.

Key policy decisions reflected in the Bill

The Bill reflects substantive new policies through including new provisions that:

- confirm the civil aviation framework applies to remotely piloted or autonomous aircraft (drones)
- modernise, enhance, and clarify the national security and aviation security frameworks
- make the Secretary for Transport responsible for airport regulation
- introduce a new system of Regulatory Airport Spatial Undertakings (RASUs) intended to promote and cement collaboration between government, large airports and other key users of those airports (substantial customers)
- provide for a more modern approach to authorising airline co-operative arrangements
- give effect to New Zealand's participation in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
- reflect a "just culture" approach to accident and incident reporting
- manage drug and alcohol impairment.

Following the Select Committee's consideration, the reported back Bill also includes a new function to provide for independent review of regulatory decisions made by the Director of Civil Aviation.



Upcoming decisions on the Civil Aviation Bill:

Action:	tion: Description of decision to be made: Timefra	
Consider progress of Bill	Decide when to progress the Civil Aviation Bill through its remaining stages	Once the House resumes

Drones and aerospace

The Ministry has a role in both the safe regulation of drones and enabling more innovative applications of drones. The use of drones⁴ has the potential to deliver major economic, social and environmental benefits for New Zealand. In 2019, the Ministry and MBIE jointly released the Drone Benefit Study, which valued the future benefit of drones for New Zealand at up to \$7.9 billion over 25 years. New and fit-for-purpose regulatory tools are necessary, however, to enable the expansion of the drone sector while ensuring that appropriate levels of civil aviation safety and security are maintained.

In New Zealand, "drones" are used for both recreational and commercial purposes by a diverse population, from young children to experienced drone operators. New Zealand is actively promoting itself as a destination for high-tech companies wanting to test and develop drones and other innovative aerospace technologies.

Companies developing world-leading innovations in New Zealand include:

 Wisk – who is developing an autonomous, electric air taxi, capable of taking off and landing vertically.

The colloquial term 'drone' descr bes an unmanned aircraft, which is defined in the Civil Aviation Rules as an aircraft with no pilot onboard

For ease of understanding, we use the colloquial term 'drone' to describe an unmanned aircraft, which is defined in the Civil Aviation Rules as an aircraft with no pilot onboard. Other terms we use include unmanned aerial vehicle (UAV) and remotely piloted aircraft system (RPAS).

DRONES AND AEROSPACE

- Dawn Aerospace who is developing a 'space plane', capable of taking off and landing from a traditional runway and launching small payloads into orbit.
- Pyper vision who is trialling the use of drones to disperse fog at airports.

The Ministry and the Civil Aviation Authority are working on drone integration

In 2019, Cabinet approved the vision paper 'Taking Flight: an aviation system for the automated age'. This paper sets out the long-term objective for the integration of drones into the civil aviation system, to enable the industry to safely thrive and develop in New Zealand.



As part of Budget 2022, \$8.867 million was approved on a tagged contingency basis for the EDI package, on condition that the policy initiatives detailed in the package be approved by Cabinet.

Next Steps for the EDI package

Subject to Cabinet agreement to the EDI package, s 9(2)(f)(iv) : s 9(2)(f)(iv)



Joint venture airports

The Crown entered a series of Joint Venture (JV) deeds with local authorities from the 1950s to the 1970s to develop 24 metropolitan and regional airports. During the 1980s and 1990s, many of these airports were corporatized and/or the Crown's interest was divested to the local authority. Hawke's Bay and New Plymouth airports followed this path in 2006.

The Crown remains a JV partner in five airports with the following local authorities:

- Whanganui District Council
- Whakatane District Council
- Whangarei District Council
- Buller District Council (for Westport)
- Taupo District Council.

JV airports support regional communities and economies through air connectivity and provide emergency and resilience functions. Westport, Whakatāne, Whanganui and Whangārei are designated lifeline utility airports under the Civil Defence and Emergency Management Act 2002.

However, most of these airports cannot raise enough revenue from airport charges or other income to maintain necessary infrastructure and standards. Some of these airports are amongst the smallest in New Zealand and face underinvestment and other issues that impose heavy costs on them, e.g., Westport Airport suffers erosion and damage due to recurrent floods and increasing sea levels.

The Crown as a JV partner

The Crown has no role in the day-to-day running of the airports. The respective local authorities manage the airport operations, including maintaining the airports' certification status with the CAA. However, the Crown is liable for funding half of any annual operating loss made and half of any "future improvement" capital works costs (mutually agreed upon). This can include improvements and extensions to terminal facilities. The Ministry manages the Crown's interest in the JV airports.

The JV airports multi-year appropriation started on 1 July 2018 and ends on 30 June 2023. It is "limited to enhancements to joint venture airport terminals and runways and the Crown's share of operating losses". Based on previous forecasts, it was increased to \$7.42 million over the period due to large capital expenditure requirements and increased maintenance costs. Expenditure from these funds is approved under a special schedule of delegations from Cabinet. These delegations are being reviewed because they were last revised in 1985. A budget bid has been submitted for Budget 2023 to provide funding for a new multi year appropriation beginning 1 July 2023.

JOINT VENTURE AIRPORTS

District councils are confirming their Statements of Financial Performance for the year ending 30 June 2021. There have been delays due to a shortage of audit resources and we expect this to continue to be an issue for the draft Statements of Financial Performance for the year ending 30 June 2022. Once these statements are completed, the Ministry will receive estimates of any losses from the councils.

The JV deeds are being reviewed

Given the age of the JV deeds they are being reviewed and updated. In general, the deeds address land acquisition and ownership, construction, airport operation, ownership of buildings and other facilities, and revenue (or loss) sharing.

The review will document the JV relationships, clarify the parties' obligations, rectify any omissions, improve drafting overall by using simple and modern language, incorporate current regulations and reflect good contract management practice. The Ministry does not anticipate significant changes in the Crown's current role.

The review is expected to be completed in 2023 and will result in updated deeds and delegations.

Appendix 1: Transport Agencies and State-Owned Enterprises

Te Manatū Waka Ministry of Transport

The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and also on funding and governance of the transport Crown entities. The Ministry plays a critical leadership role in the transport system. The Ministry performs the following key functions in the transport system:

Leading the system – direction and strategy – As Government's lead for the transport system, the Ministry plays a lead role in giving effect to government policy. The Ministry looks after the transport outcomes and indicators framework, and is the system's long-term planner

- Shaping regulatory stewardship mechanisms As the steward of the transport system, the Ministry helps government give effect to policy by supporting the development of legislation and regulations
- Driving revenue raising, investment and purchase choices The Ministry provides advice and manages government's investments and revenue raising choices in the transport system to realise the wider social and economic benefits of these investments. This includes stewardship of the NLTF and transport revenue system, and managing direct Crown purchases from Vote Transport
- Influencing to achieve broader government outcomes The Ministry leads the transport
 agencies in system-wide initiatives and makes sure transport strategies are connected with
 broader government priorities. It engages with key players, including local government, private
 sector and social organisations, to drive transport outcomes
- Monitoring and evaluating system and agency performance The Ministry supports you in setting expectations for Crown entities and appointing their boards, while monitoring their performance to support your relationships with the entities and their Boards to provide assurance of effective governance

Influencing the development of international standards – The Ministry engages with international organisations to ensure that New Zealand meets international obligations, supports the adoption of these obligations, and influences the development of international rules and standards.

The Ministry has an important role in wider discussions on work across government where the transport portfolio interconnects with other portfolios such as Economic Development and Urban Development. The Ministry also plays in a key role in leading and coordinating cross-agency work programmes around new technologies, such as drones. This helps to ensure that the economic potential of new technology is realised while managing risks around safety and privacy.

The Ministry plays a key role in facilitating collaboration, planning and information sharing between transport agencies and SOEs. In practice, agency collaboration happens both through day-to-day work, and through more formal channels. One example is the Transport Sector Leadership Group where Chief Executives from the transport agencies and SOEs meet on a six-weekly basis to discuss ongoing issues and recent developments within the sector.

Waka Kotahi New Zealand Transport Agency

Waka Kotahi is government's land transport delivery arm. It is a Crown entity, and its functions are set out in the Land Transport Management Act 2003. The objective of Waka Kotahi is to "undertake its functions in a way that contributes to an effective, efficient and safe land transport system in the public interest". Waka Kotahi's functions include investing in, managing most aspects of the land transport network, including rail.

Waka Kotahi also has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing, and certification and revenue collection. Together, the functions give Waka Kotahi an important role in supporting New Zealand to achieve social, economic and environmental outcomes now and into the future.

Waka Kotahi has a key role in the development and management of the transport system. Waka Kotahi's strategic priorities focus on creating a safer, more resilient and sustainable transport system that improves access to social and economic opportunities and improves the wellbeing of all New Zealanders.

Waka Kotahi has a set of statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and exercises enforcement powers. Waka Kotahi also undertakes functions to aspects of a range of other legislations relating to land transport, railways, roading and road user charges, and undertakes funding and oversight functions for road policing, public transport, SuperGold Card, and transitional rail.

As a transport regulatory agency, Waka Kotahi plays a key role in ensuring that its systems are intuitive and clear so that people and operators are safe, that people make good transport choices, and harmful behaviours are swiftly dealt with.

Civil Aviation Authority

The CAA is a Crown entity established under the Civil Aviation Act 1990. Led by the Director of Civil Aviation, the Authority has two functional divisions:

- CAA performs safety and security regulatory functions.
- Aviation Security Service (known as Avsec) delivers aviation security services at New Zealand's six security designated airports (Auckland, Wellington, Christchurch, Invercargill, Dunedin and Queenstown).

Under the Civil Aviation Act, the primary objective of the CAA is to carry out 'safety, security and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system'. Within the context of the overall strategic direction of the transport system, and the expectations set by you as Minister, CAA achieves this through five main outputs:

 Policy and regulatory strategy – ensuring the delivery of policy and regulatory projects, international linkages and Ministerial services. This includes, for example, coordinating CAA's strategic engagement in the international aviation system, administering New Zealand's civil aviation obligations and interests within your delegation, delivering services to you (e.g., briefing you on key matters), proactively identifying emerging issues for aviation, and delivering major policy projects.

- Outreach providing increased understanding and knowledge of aviation safety among aviation sector participants and the public by fostering and promoting safety and security across the civil aviation sector and raising public awareness.
- Certification and licensing ensuring the robust assessment of participants and products as safe and fit to be participating in New Zealand's civil aviation system by exercising control over the entry and exit through the issuance or suspension of key aviation documents, as well as approvals to organisations, individuals, and products.
- Surveillance and investigation providing the continued assurance that the civil aviation system in New Zealand is safe and secure through inspections and audits. This also includes assessment of safety data, and appropriate enforcement.
- Security service delivery (carried out by Avsec) keeping passengers and people in the air and on the ground safe from aviation security threats through protocols such as passenger and baggage screenings, and other security measures.

CAA is governed by a six-member Board appointed by the Minister. The Director of Civil Aviation has independent statutory powers under section 72I of the Civil Aviation Act. This includes powers to control entry into the civil aviation system (e.g., granting aviation documents), and to monitor and enforce regulatory requirements. These independent powers mean that the Director is not accountable to you or CAA's board when he or she issues or removes an aviation document from a participant such as an Air Operator Certificate or a pilot licence, or takes action against individuals or operators for breach of the Civil Aviation Rules.

Maritime New Zealand

Maritime NZ is responsible for promoting a safe, secure, and clean maritime environment for all commercial and recreational activities on the water, and minimising the impact of maritime incidents and accidents on New Zealand and its people.⁶ The Agency has both a domestic and international focus. Maritime NZ is governed by Board of five members appointed by you under the Maritime Transport Act 1994.

New Zealand's maritime sector is complex, diverse, and a major contributor to and enabler of the New Zealand economy through activities such as international shipping, marine manufacturing, and fishing. Maritime NZ leads international engagement to support New Zealand's interests in the maritime sector. International rule-making and standards facilitate New Zealand's trade, protect its maritime environment and enhance seafaring safety.

Maritime NZ operates as a modern regulatory, compliance and response agency, with an intelligence-led, risk focused and evidence-based approach to deliver its areas of responsibility. Maritime NZ's three core roles are: Maritime NZ operates as a modern regulatory, compliance and response agency, with an intelligence-led, risk focused and evidence-based approach to deliver its areas of responsibility. Maritime NZ's three core roles are:

The Maritime Director is not accountable to you or Maritime NZ's board when he or she issues or removes a maritime document from a participant or takes action against individuals or operators for breach of Maritime Rules.

- Regulation help to develop and maintain the national safety, security, and environmental
 protection regulations that govern the operation of vessels, ports and offshore installations in
 New Zealand waters through its work domestically and internationally. Maritime NZ supports,
 encourages, and requires operator compliance by licensing and certifying operations,
 educating the maritime community, auditing operators and service providers, investigating
 incidents, and enforcing regulations.
- Compliance supporting, encouraging and requiring operator compliance with those regulations through Maritime NZ's regulatory regimes and compliance operating model.
- Response providing a national land, sea and air search and rescue coordination service and managing national maritime incident and marine pollution response capability.

These three core roles drive and achieve three key outcomes for New Zealand in the maritime domain:

- Safe: People & Operations supporting physical, social & economic wellbeing through safe maritime operations.
- Secure: Ports & Ships protecting people, goods and New Zealand's social and economic interests and resilience. The Maritime Security Act makes Maritime NZ responsible for ensuring that the provisions of the International Ship and Port Security (ISPS) Code⁷ are complied by international trading ports in New Zealand, and commercial freight and passenger vessels visiting New Zealand.
- Clean: Seas & Waterways keeping New Zealand's marine environment clean by minimising harmful emissions & discharges from ships.

Transport Accident Investigation Commission (TAIC)

TAIC is a standing commission of inquiry, and an independent Crown entity. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident ('occurrences') investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers. TAIC is independent of other public sector organisations, and government, in the conduct of its accident inquiries.

The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the future, rather than to ascribe blame. In the case of each occurrence, the Commission decides whether to investigate (based on the occurrence's implications for transport safety), coordinate the investigation, consider evidence gathered by investigators, and publish its key findings.

The Commission has broad investigative powers, including the power of entry and inspection and the power to seize, remove and protect evidence. It also has powers under the Commissions of Inquiry Act 1908, including the power to require a person to produce any papers, documents, records or things, or to summons any person to appear before its commissioners. Most evidence gathered,

New Zealand expects all ports and vessels that operate under the ISPS Code, to maintain international best practice with regard to maritime security. The ISPS Code is a comprehensive set of measures to enhance the security of ships and port facilities.

such as witness interviews and submissions, is protected from general disclosure except for the purposes of the investigation, reflecting TAIC's independence and purpose.

The Commission identifies safety issues and makes recommendations. The recommendations are addressed mainly to transport sector regulators, who are able to influence the system.

KiwiRail

KiwiRail is a commercially focused and vertically integrated SOE, responsible for operating freight and tourism passenger services on 3,700 kilometres of rail network and three inter-island ferries. Auckland Transport (AT) and Greater Wellington Regional Council (GWRC) are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots.

KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive. KiwiRail is managing a significant, multi-year programme of capital investment, replacing life expired assets including ferries and locomotives.

Responsibility for funding the majority of KiwiRail's capital programme sits with the Minister of Transport through Vote Transport. Shareholding Ministers also have a role in signing of equity injections into KiwiRail and setting expectations for KiwiRail through its Letter of Expectations. The Provincial Growth Fund has also made lead investments in a range of regional rail projects delivered by KiwiRail, to capture the benefits rail offers to those areas.

Waka Kotahi has primary regulatory responsibility for rail in New Zealand. Its role is to provide independent assurance to stakeholders and the public that safety risks posed by the activities of rail participants are being managed effectively. It maintains a licencing and monitoring regime of those rail participants directly managing rail activities and has statutory powers to react to safety risks from the activities of non-licenced participants.

Meteorological Service of New Zealand Ltd (MetService)

MetService's core purpose is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making.

On behalf of government, under the Meteorological Services Act 1990, you are responsible for ensuring the provision of meteorological services in New Zealand, including the country's authorised meteorological warning service. MetService is contracted by the Ministry to deliver New Zealand's National Meteorological Service function, which includes:

providing weather forecasts and warnings to support public safety in New Zealand

- providing severe weather guidance and other meteorological support to States in the Southwest Pacific, and marine forecasts and warnings for New Zealand coastal waters and large areas of the South Pacific and Southern Ocean
- collecting meteorological data and exchanging it with other World Meteorological Organization Member States and representing New Zealand at the World Meteorological Organization (a United Nations Specialised Agency).

The Ministry works to support your interests to ensure the required services are provided in accordance with World Meteorological Organisation Technical Regulations at an appropriate cost. Shareholding Ministers are responsible for the performance of MetService as a SOE.

MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the State Highway network and other major roads.

MetService provides commercial weather services for domestic and international aviation, including airports and airlines. For example, it supports the CAA in meeting New Zealand's obligations to the ICAO, including operation of the Wellington Volcanic Ash Advisory Centre, one of nine centres worldwide.

MetService also provides 24/7 support for land-based and marine search and rescue operations and works closely with Maritime NZ to promote safer boating. MetService's website, apps and social media channels provide a platform for communicating weather and other relevant information, including road snowfall warnings and Waka Kotahi traffic incidents updates.

Airways Corporation of New Zealand Ltd (Airways)

Airways is a world-leading commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions.

Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region (FIR, a specified region of airspace where flight information is provided), which totals 30 million square kilometres.

Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invest in new technology that enhances safety and delivers real economic and environmental benefits for customers and the public.

In addition to its statutory role of providing safe and efficient air traffic control services, Airways is enabling new entrants to use New Zealand's airspace. Airways is active in the development of airspace integration in New Zealand and is a key supporter of AirShare, New Zealand's drone user hub that enables drone users to plan flights, request access to controlled airspace, and receive relevant information on how to operate safely. Airways also supports space and near space operations in New Zealand.

As a SOE, Airways operates a fully self-funded model and collects fees from airlines, as well as selling products and services to global aviation customers. As a result of the impact of COVID-19 on air traffic volumes, Airways has received financial support from government to ensure continuation

of safe services as the industry recovers and returns to profitability. Airways sets prices through a building block pricing model, which includes thorough stakeholder consultation.

Airways provides training, digital products, aeronautical information management, procedure design and aviation consultancy services to aviation customers in the Middle East, Asia, Hong Kong, the Pacific, Africa, Europe and North America.

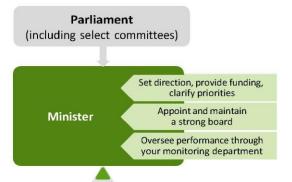
As an ANSP, Airways is regulated by the CAA and provides its service in line with Civil Aviation Rules and international standards. Airways is certified by the CAA to provide air navigation and flight information services at airports. Airways is also contracted by the CAA to provide Aeronautical Information Services for pilots. To ensure these relationships function without undue influence, roles and responsibilities are separated between you, the Minister of Finance and Minister of State Owned Enterprises as shareholders, the CAA as regulator, and Airways as the service provider.

Appendix 2: Statutory Crown entities: Your Role as Responsible Minister (published by the Public Service Commission)

Statutory Crown entitiesYour role as responsible minister

This document summarises your role as a responsible minister for a statutory Crown entity. Further information is available on the Te Kawa Mataaho Public Service Commission website.

This guide focuses on three types of statutory entities in the Crown Entities Act – Crown agents, independent Crown entities, and autonomous Crown entities. This guide refers to these entities collectively as Crown entities (see New Zealand's central government organisations).



Crown entity board

- · drives entity performance
- the primary monitor of performance
- · chair leads inclusive decision-making
- · accountable to you for performance
- · appoints the chief executive

Monitor

- · acts as your agent
- supports you to appoint a board including the chair
- administers the appropriation
- · advises you on entity performance
- supports the board to succeed

New Zealand Government

Te Kāwanatanga o Aotearoa

Success factors for you

- The entity delivers outcomes and services prioritised by government.
- The entity works with others to achieve outcomes for New Zealanders.
- Monitor is focused on your priorities and maintains constructive high trust relationship with the chair.
- Board member recruitment results in diverse field of candidates.
- Set clear expectations of the chair, including credible and timely performance measurement, inclusive leadership and decision-making, developing board capability and working constructively with you and the monitor.
- Robust risk management and 'no surprises'.
- Board goes about its work in a spirit of service to everyone in our community and with integrity and care.
- Levers are used to get the performance you want.
- High-trust relationships between all three parties.
- · Clarity about roles and responsibilities.

The Crown Entities Act provides a framework for the establishment, governance, and operation of Crown entities. It clarifies accountability relationships between Crown entities, their board members and responsible ministers. Each entity has its own establishment legislation.

Crown entities are owned by the Crown. Most have governance boards appointed by responsible ministers and their own establishment legislation. There are three categories of Crown entity:

- Crown agents give effect to government policy, including core public-facing service delivery. The Public Service Act 2020 also provides that Crown agents are part of the public service and must uphold the purpose, principles and values of public service when carrying out their functions.
- autonomous Crown entities must have regard for government policy.
- independent Crown entities are generally independent of government policy but are still part of the public sector.

You have different ministerial powers depending on the type of Crown entity for which you're responsible. A small number of Statutory entities have a corporation sole legal form where a single appointed person acts as a board (e.g. the Retirement Commissioner).

¹ <u>Statutory Crown Entities: A Guide for Departments</u> advises departments to ensure that ministers are advised not to act in any way that could imply a direction to an independent Crown entity.

	Crown agent	Autonomous Crown entity	Independent Crown entity
Power to appoint board members and set terms of office ²	Minister appoints for up to three years. Members may be reappointed	Minister appoints for up to three years. Members may be reappointed	Governor-General, on the recommendation of the responsible minister, for up to five years. Members may be reappointed
Power to remove board members	Minister's discretion	Minister, for justifiable reason	Governor-General, for just cause, on advice of minister. Attorney-General consulted
Power to direct on government policy	Must "give effect to" policy that relates to the entity's functions and objectives if directed by minister	Must "have regard to" policy that relates to the entity's functions and objectives if directed by minister	No power to direct, unless specifically provided for in another Act
Participates in setting overall direction and power to set annual expectations	Minister	Minister	Minister
Whole of Government approach	Must "give effect to" if directed by ministers of Finance and for the Public Service	Must "give effect to" if directed by ministers of Finance and for the Public Service	Must "give effect to" if directed by ministers of Finance and for the Public Service

²There's no formal limit of number of terms. Balance the benefits between continuity of service, the value of new perspectives and the risk of losing experience over a short period of time.

Your roles and responsibilities under the Crown Entities Act (s. 27) are to:

- oversee and manage the Crown's interests in, and relationships with, the Crown entities in your portfolio.
- make sure an effective board is in place to govern the Crown entity through the appointment, reappointment, and removal of board members, and determining the remuneration of some board members
- set expectations for the strategic direction and annual performance expectations of Crownentities, which may include multiple agencies operating within asector
- review Crown entity performance and results, including whether the entity is achieving outcomes for New Zealand and delivering quality services to New Zealanders
- · ensure the entity manages risks on behalf of the Crown.

Board appointments are your most important way to influence the performance and strategic direction of a Crown entity. Every board vacancy creates an opportunity for you to reassess the attributes, background, experience and diversity required to best complement the talents of the other board members and ensure the entity has the governance capability it requires. A transparent recruitment and appointment process that attracts a diverse and qualified field of candidates is essential to ensuring effective members are appointed. Well-supported decisions including support from the chair should underpin possible reappointment.

It's critical that you appoint a qualified and experienced chair who can lead a diverse and inclusive board that drives and lifts organisational performance.

Before making an appointment, you should ensure the candidate has been appropriately vetted and disclosed actual or potential interests. Your monitor can manage this process on your behalf.

The entity's board operates in accordance with the Crown Entities Act and its own establishment legislation. The board has the primary accountability for the entity's performance. As the responsible minister, you should place responsibility firmly with the board for setting and achieving priority performance indicators, for monitoring of entity performance, and for high quality performance reporting.

Your monitoring department acts as your agent and provides you with information, analysis and advice about the effectiveness, efficiency and financial performance of the Crown entity. The department will also support you in making board appointments.

To be effective, the tripartite relationship between you, the board, and the monitoring department requires clarity from you about the performance you want, a rich information trade, and trust between the parties.

The monitoring department should focus on how the board is driving the entity's strategic and business plan performance goals, and achieving the entity's purpose and managing risks. You have a wide range of levers available to you to get the performance you want. These levers comprise those in legislation and those representing good practice convention. The two most important levers are your powers under the Crown Entities Act and the engagement of you and your monitor with the board chair. Your monitor can advise you on the choice of levers. See the Key levers diagram.

To assist the board, you should: clarify with the chair your strategic priorities to inform the board's strategic planning and its annual business plan performance expectations; and ensure the board is aware of including your priorities for the organisation's services and outcomes, and for its capabilities. We recommend you send a letter of expectations well ahead of the entity's planning cycle. Your monitor can help you develop it.

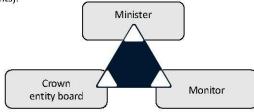
From time to time, the Minister for the Public Service and Minister of Finance jointly publish an <u>enduring letter of expectations</u> that sets out from an all-of-government perspective the ongoing expectations these ministers have of all statutory Crown entities.

Board fees for Crown agents and autonomous Crown entities are set under the Cabinet Fees Framework (the Framework). As the responsible minister, you use the Framework to determine the fees for members of your boards. Since the Framework covers a varied array of bodies, it's not intended to be prescriptive, and judgement will be required to determine best fit. The Commission administers the Framework and provides advice and guidance on its application. Remuneration for independent Crown entities is set by the Remuneration Authority.

The Crown Entities Act applies to the 'Crown entity companies' category in much the same way as it does for statutory entities. However, Crown entity companies are subject to the Companies Act as well as the Crown Entities Act and a number of the governance provisions of the Crown Entities Act are designed for statutory Crown entities and don't apply to companies. As a result, there are some specific differences.

While statutory entities have responsible ministers, Crown entity companies have shareholding ministers, the ministers who hold shares in a Crown entity company. One of these must be the Minister of Finance.

The It takes three Operating Expectations Framework is a tool for board members, chief executives, Ministry and Crown entity staff responsible for monitoring and reporting. It will contribute to building productive relationships between responsible ministers, monitoring departments and Crown entity boards. It sets out in one place the roles, responsibilities and operating expectations for all three parties (ministers, Crown entities and monitoring departments).



For further support – your monitoring department can support you in fulfilling your roles and responsibilities. The Commission's website provides a wide range of guidance and resources to support you as responsible minister, Crown entity board chairs and monitoring departments (see <u>Crown entities guidance</u>).

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