

OC221065

10 February 2023

Tēnā koe

I refer to your email dated 1 December 2022 in which you requested the following under the Official Information Act 1982 (the Act):

*“... a copy of all reports, briefings and advice that the Ministry provided the Minister of Transport in November 2022, excluding Weekly Reports.”*

On 17 January 2023, we advised you of an extension to the time period for responding to your request. The extension was due to consultations necessary to make a decision on your request being such that a proper response could not reasonably be made within the original time limit. We have now completed the necessary consultations.

There are 44 documents in scope of your request. Of these:

- One is released in full
- 21 are released with some information withheld or refused
- 18 are withheld (seven of which also have their titles withheld)
- three are refused

As noted above, I am withholding the titles of seven documents. Both the titles and the contents of these documents remain under active consideration and therefore are withheld under Section 9(2)(f)(iv). No further detail about these papers has been provided to you in this response.

The following sections of the Act have been used:

- |         |                                                                                                                                                                                                           |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6(a)    | as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government                                                               |
| 6(b)(i) | as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government |
| 6(c)    | as release would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial                                     |
| 9(2)(a) | to protect the privacy of natural persons                                                                                                                                                                 |

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

The above information is summarised in the document schedule at Annex 1.

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

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

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

Nāku noa, nā



Hilary Penman  
**Manager, Ministerial Services**

**Annex 1 - Document Schedule**

Doc. #	Reference number	Title of Document	Decision on request
1	OC220951	Draft Transport Bids for 2023 Legislative Programme	Withheld in full under Section 9(2)(f)(iv).
2	OC220963	Draft Paper Seeking Approval to introduce the Land Transport (Clean Vehicles) Amendment Bill (No 2)	<p>Released with some information withheld under Section 9(2)(a).</p> <p>Attachments are refused under Section 18(d) and are available as follows:</p> <ul style="list-style-type: none"> <li>Draft Cabinet paper seeking approval to introduce the Land Transport (Clean Vehicles) Amendment Bill (No 2) (the Bill)*</li> </ul> <p>Final Cabinet paper -  <a href="https://www.transport.govt.nz/assets/Uploads/Land-Transport-Clean-Vehicles-Amendment-Bill-No-2-Approval-for-Introduction-Cabinet-Paper.pdf">https://www.transport.govt.nz/assets/Uploads/Land-Transport-Clean-Vehicles-Amendment-Bill-No-2-Approval-for-Introduction-Cabinet-Paper.pdf</a></p> <ul style="list-style-type: none"> <li>Departmental disclosure statement – publicly available:  <a href="http://legislation.govt.nz/disclosure.aspx?type=bill&amp;subtype=government&amp;year=2022&amp;no=195">http://legislation.govt.nz/disclosure.aspx?type=bill&amp;subtype=government&amp;year=2022&amp;no=195</a>.</li> </ul> <p>*While we are aware your request captures the draft version of the Cabinet paper that was attached to this briefing, we believe releasing the final version will satisfy the public interest test and intention of the Act.</p>
3	OC220941	International Civil Aviation Organization- Delegating the Issuing of Credentials	Released with some information withheld under Section 9(2)(a).

Doc. #	Reference number	Title of Document	Decision on request
4	OC220899	Draft Terms of Reference for the Maritime NZ Funding and Fees Review	Withheld in full under Section 9(2)(f)(iv).
5	OC220961	Revised Dev Paper - GPS 2024 Signalling Land Transport Investment Priorities	Refused under Section 18(d). The paper will soon be publicly available on the Ministry of Transport's website.
6	OC220972	Taking Action on Fuel Prices – Next Steps	Withheld in full under Section 9(2)(f)(iv).
7	OC220981	Proactive Release of Cabinet Paper and Minute on the Establishment of a Bus Industry Standard for Public Transport Bus Drivers	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv). Attachments are refused under Section 18(d) and are available as follows: <ul style="list-style-type: none"> <li>• Cabinet paper - Progress on Establishing a Bus Industry Standard Agreement for Public Transport Bus Drivers <a href="https://www.transport.govt.nz/assets/Uploads/Progress-on-establishing-a-bus-industry-standard-agreement-for-public-transport-bus-drivers-1_Redacted.pdf">https://www.transport.govt.nz/assets/Uploads/Progress-on-establishing-a-bus-industry-standard-agreement-for-public-transport-bus-drivers-1_Redacted.pdf</a></li> <li>• Cabinet minute – Establishing a Bus Industry Standard for Public Transport Bus Drivers: Report on Progress <a href="https://www.transport.govt.nz/assets/Uploads/DEV-22-MIN-0232-Minute_Redacted.pdf">https://www.transport.govt.nz/assets/Uploads/DEV-22-MIN-0232-Minute_Redacted.pdf</a></li> </ul>
8	OC220988	Update on Transport Sector Pacific Proposals	Withheld in full under Section 9(2)(f)(iv)

Doc. #	Reference number	Title of Document	Decision on request
9	OC220962	Auckland Light Rail Ltd: Feedback on Draft SPE and SOI	Released with some information withheld under Sections 9(2)(a), and 9(2)(f)(iv).
10	OC220945	Land Transport (Clean Vehicles) Amendment Bill (No 2)- Approval for Introduction	Refused under Section 18(d). The paper will soon be publicly available on the Ministry of Transport's website.
11	OC220910	Auckland Light Rail - Proactive Release of Documents Following November 2022 Announcements	<p>Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).</p> <p>Attachments are refused under Section 18(d) and are available as follows:</p> <p><a href="https://www.transport.govt.nz/area-of-interest/auckland/auckland-light-rail-project/">https://www.transport.govt.nz/area-of-interest/auckland/auckland-light-rail-project/</a></p> <ul style="list-style-type: none"> <li>• OC220381 Auckland Light Rail - Next steps for Delivery Entity policy work</li> <li>• ALR Sponsors meeting agenda and papers for meeting on 06 July 2022</li> <li>• ALR Board Terms of Reference</li> <li>• ALR Sponsors meeting agenda and papers for meeting on 16 August 2022</li> <li>• Sponsors role with the new ALR Company – further advice</li> <li>• Cabinet paper Establishment of ALR Limited</li> <li>• Establishment of ALR Limited – Cabinet Committee background information and talking Points</li> <li>• OC220762 Establishment of [Title withheld] Limited</li> <li>• OC220796 Auckland Light Rail Auckland Light Rail Ltd establishment OiC and other matters</li> </ul>

Doc. #	Reference number	Title of Document	Decision on request
			<ul style="list-style-type: none"> <li>• Crown Entities (ALR Ltd) Order 2022 and Ombudsmen (ALR Ltd) Order 2022</li> <li>• ALR Sponsors meeting agenda and papers for meeting on 27 September 2022</li> <li>• OC220841 Auckland Light Rail Ltd Establishment – Interim Project Alliance Agreement (IPAA)</li> <li>• Auckland Light Rail Limited Establishment Response to Letter of Assurance</li> <li>• OC220762 Establishment of ALR Limited</li> </ul>
12	OC220966	Waka Kotahi NZ Transport Agency- Interview Summaries and Advice on Chair appointment	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
13	OC221005	Additional Waitemata Harbour Connections	Withheld in full under Section 9(2)(f)(iv).
14	OC220989	Meeting with MetService Board and CEO	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(ii), 9(2)(f)(iv) and 9(2)(g)(i).
15	OC221007	GPS 2024: Signalling Land Transport Priorities - Final Cabinet paper and Speaking Points	Refused under Section 18(d). The paper will soon be publicly available on the Ministry of Transport's website.
16	OC220996	Te Manatū Waka Ministry of Transport Annual Review 2021/22- Response to Select Committee Questions	Released with some information withheld under Section 9(2)(a). Attachment is refused under Section 18(d). <ul style="list-style-type: none"> <li>• Draft response to the Annual Review questions.</li> </ul> The Transport and Infrastructure Select Committee has published the questions and final responses on the Parliamentary website:

Doc. #	Reference number	Title of Document	Decision on request
			<p><a href="https://www.parliament.nz/en/pb/sc/business-before-committees/document/FINS_129675/202122-annual-review-of-te-manat%C5%AB-waka-ministry-of-transport">https://www.parliament.nz/en/pb/sc/business-before-committees/document/FINS_129675/202122-annual-review-of-te-manat%C5%AB-waka-ministry-of-transport</a></p> <p>While we are aware your request captures the draft version of the draft response to the Annual Review questions that was attached to this briefing, we believe the final version, available online, will satisfy the public interest test and intention of the Act</p>
17	OC220874	2021/22 Annual Performance Update on Waka Kotahi NZ Transport Agency	Released with some information withheld under Sections 6(a), 9(2)(a), 9(2)(g)(i) and 9(2)(f)(iv).
18	OC221000	Legislation Programme 2023 - Transport Bids For Lodging	Withheld in full under Section 9(2)(f)(iv).
19	OC220925	Shortlist for Speed Management Committee members	Withheld in full under Section 9(2)(f)(iv).
20	OC221010	Transport Accident Investigation Commission: Documentation to Finalise Appointments	Released with some information withheld under Section 9(2)(a).
21	OC221021	Meeting with the Civil Aviation Authority Chair and Chief Executive 21 November 2022	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
22	OC220905	Auckland Light Rail Limited - Interview Summaries and Appointments Advice	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii), 9(2)(f)(iv) and 9(2)(g)(i).
23	OC221020	Proactive Release of City Rail Link Targeted Hardship Fund Papers	<p>Released with some information withheld under Sections 9(2)(a), 9(2)(ba)(i), 9(2)(f)(iv) and 9(2)(g)(i).</p> <p>Attachments are refused under Section 18(d) and are available as follows:</p>

Doc. #	Reference number	Title of Document	Decision on request
			<p data-bbox="1258 300 1982 395"><a href="https://www.transport.govt.nz/about-us/what-we-do/our-corporate-publications/proactively-released-search-page/SearchForm?">https://www.transport.govt.nz/about-us/what-we-do/our-corporate-publications/proactively-released-search-page/SearchForm?</a></p> <ul data-bbox="1317 419 2022 1133" style="list-style-type: none"> <li data-bbox="1317 419 2022 515">• Advice on Options for a City Rail Link Business Hardship Scheme for C3 Contract Works – briefing paper,</li> <li data-bbox="1317 523 2022 619">• Advice on Establishment of a City Rail Link Business Hardship Scheme for C3 Contract Work – briefing paper,</li> <li data-bbox="1317 627 2022 722">• City Rail Link Targeted Hardship Fund for C3 Contract Works – briefing paper and draft Cabinet paper,</li> <li data-bbox="1317 730 2022 794">• City Rail Link Targeted Hardship Fund for C3 works – Cabinet paper,</li> <li data-bbox="1317 802 2022 866">• City Rail Link Targeted Hardship Fund for C3 Works – Cabinet Business Committee minute,</li> <li data-bbox="1317 874 2022 938">• Report of the Cabinet Business Committee – Cabinet minute,</li> <li data-bbox="1317 946 2022 1042">• City Rail Link Targeted Business Hardship Fund for C3 Works – briefing paper and draft letter to Sir Brian Roche, Chair of the Board of CRL.</li> <li data-bbox="1317 1050 2022 1133">• Targeted Hardship Fund for Businesses Relating to the C3 Works – letter to Sir Brian Roche, Chair of the Board of CRL.</li> </ul>
24	OC221018	Budget 2023 - Proposed Cost Pressures Package for Vote Transport	Withheld in full under Section 9(2)(f)(iv).
25	OC220929	Joint Report: Land Transport Revenue Review: Final Report	Withheld in full under Section 9(2)(f)(iv).



Doc. #	Reference number	Title of Document	Decision on request
26	OC220813	Initial Advice on a Liability Regime for Automated Vehicles	Released with some information withheld under Sections 9(2)(a) and 9(2)(h).
27	OC221024	Progress Update for the Clean Car Upgrade and Social Leasing Trials	Withheld in full under Section 9(2)(f)(iv).
28	OC220982	Community Connect – Implementation Costs and Remaining Policy Matters	Released with some information withheld under Sections 9(2)(a), 9(2)(ba)(i), 9(2)(ba)(ii), 9(2)(f)(iv) and 9(2)(j).
29	OC220950	Hamilton to Auckland Intercity Connectivity - Indicative Business Case and Next Steps	Withheld in full under Section 9(2)(f)(iv).
30	OC221012	City Rail Link: Update on Upcoming Funding Request and Advice to Support Minister Wood's Meeting with the CRL Chair and Chief Executive	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(i), 9(2)(ba)(ii), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(j).
31	OC221015	Minister of Transport meeting with Waka Kotahi NZ Transport Agency Chair and Chief Executive - 29 November 2022	Released with some information withheld under Sections 9(2)(a), 9(2)(ba)(i), 9(2)(f)(iv) and 9(2)(g)(i).
32	OC220931	Section 9(1) Funding Extension Request for the Search and Rescue, Recreational Boating and Aviation Sectors	Withheld In full under Section 9(2)(f)(iv).
33	OC221031	Waka Kotahi NZ Transport Agency: Cabinet Paper to Progress Chair appointment	Released with some information withheld under Sections 9(2)(a), 9(2)(ba)(i), 9(2)(f)(iv) and 9(2)(g)(i).

Doc. #	Reference number	Title of Document	Decision on request
34	OC221002	Meeting With the Transport Accident Investigation Commission's Chief Commissioner and Chief Executive - 29 November 2022	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
35	OC220848	Funding Approval for Replacement of Terminal Roof at Whanganui Airport	Released with some information withheld under Section 9(2)(a).
36	OC221059	Talking points for meeting with MTA - 30 November 2022	Released in full.
37	OC220921	Options to Adjust Regulated Towage and Storage Fees	Released with some redactions under Sections 9(2)(a), 9(2)(ba)(i), 9(2)(f)(iv) and 9(2)(g)(i).

2 November 2022

OC220963

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
Monday, 7 November 2022

## **DRAFT CABINET PAPER SEEKING APPROVAL TO INTRODUCE THE LAND TRANSPORT (CLEAN VEHICLES) AMENDMENT BILL (NO 2)**

### **Purpose**

To provide you with a draft Cabinet paper seeking approval to introduce the Land Transport (Clean Vehicles) Amendment Bill (No 2) (the Bill) for Ministerial consultation and to provide advise on timing.

### **Key points**

- On 31 October 2022, Cabinet agreed (CAB-22-MIN-0466 refers) to urgent legislation amending the Land Transport Act 1998 (the Act) to –
  - Provide a six-month phased transition for the Clean Vehicle Standard to provide vehicle importers with sufficient time to become accustomed to operating with the new requirements, business processes and the Standard's online system to be run by Waka Kotahi
  - remedy the unintended inclusion of importers of motorcycles and mopeds into aspects of the scheme and correct technical matters.
- Urgent legislation is required because requirements on importers of motorcycles and mopeds will otherwise take effect on 1 December 2022 and processes and systems to pay charges and transfer credits would be required on and from 1 January 2023.
- The paper covers a draft Cabinet paper seeking approval to introduce the Bill, with supporting documents, for Ministerial consultation. We suggest that this occur between 7 and 9 November 2022.
- Cabinet has agreed to the paper seeking approval to introduce the Land Transport (Clean Vehicles) Amendment Bill (No 2) to be submitted direct to Cabinet. Subject to consultation and your approval, we propose providing you with a final paper to be lodged on 10 November 2022 for consideration by Cabinet on 14 November 2022
- Because current provisions in the Act will take effect from 1 December 2022, the Bill will need to be passed and enacted before the end of November 2022, preferably as early as possible so that industry and Waka Kotahi have certainty as to the

application of the Act on 1 December 2022 and do not need to take steps which will become unnecessary before then.

- The draft Cabinet paper seeks approval for the Bill to be introduced on 15 November 2022 and passed under urgency. We recommend that you discuss timing in the House with the Leader of the House and provide feedback on this aspect of the paper.

**Recommendations**

We recommend you:

- |   |                                                                                                                                                                        |          |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1 | <b>agree</b> to undertake Ministerial consultation on the draft Cabinet paper seeking approval to introduce the Land Transport (Clean Vehicles) Amendment Bill (No 2). | Yes / No |
| 2 | <b>agree</b> to discuss the timing of the Bill in the House with the Leader of the House.                                                                              | Yes / No |
| 3 | <b>agree</b> to provide feedback to officials in time for a final version of the Cabinet paper to be lodged on 10 November 2022.                                       | Yes / No |

*Carmen Mak*

\_\_\_\_\_  
 Carmen Mak  
 Director - System & Regulatory Design  
 2 / 11 / 2022

\_\_\_\_\_  
 Hon Michael Wood  
 Minister of Transport  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Carmen Mak, Director, System & Regulatory Design	s 9(2)(a)	✓
Chris Roblett, Principal Solicitor		For legal queries



Document 3

Click to enter date

OC220941

Hon Michael Wood  
 by:  
**Minister of Transport**

**Action required**

Tuesday, 22 November 2022

cc Hon Kieran McAnulty  
**Associate Minister of Transport**

## INTERNATIONAL CIVIL AVIATION ORGANIZATION: DELEGATING THE ISSUING OF CREDENTIALS

### Purpose

Seek your approval for the Secretary for Transport to have the authority to issue credentials for New Zealand delegates to meetings of the International Civil Aviation Organization (ICAO), including the three-yearly ICAO Assemblies

### Key points

- Under section 14A(b) of the Civil Aviation Act 1990, the Minister of Transport has responsibility for administering New Zealand's participation in ICAO.
- ICAO, in common with other international inter-governmental organisations, places a strong emphasis on the issuing of credentials to ensure that delegates are properly authorised representatives of their government.
- On 11 October 2024 you delegated to the Secretary for Transport the authority to issue such credentials for New Zealand delegates to ICAO meetings.
- ICAO's vetting of credentials is strict and the credentials issued by the Acting Secretary for Transport to the New Zealand delegation to the recent 41<sup>st</sup> ICAO Assembly were rejected. ICAO officials were not convinced the Acting Secretary was an authorised issuing authority.
- Fortunately, New Zealand's High Commissioner to Canada was deemed an acceptable issuing authority and he was able to issue revised credentials in time for the Assembly's start.
- The ICAO officials explained that future such problems could be avoided if they receive a refreshed Instrument of Delegation clearly authorising the Secretary for Transport to issue credentials.
- A new Instrument of Delegation is attached for your signature.

### Recommendations

We recommend you:

- 1 **note** your responsibilities as Minister of Transport include responsibility for New Zealand's relationship with the International Civil Aviation Organisation (ICAO)
- 2 **note** that ICAO has asked for a fresh Instrument of Delegation clearly identifying the Secretary for Transport as the responsible authority to issue credentials for New Zealand delegates to ICAO meetings, including the three-yearly ICAO Assemblies
- 3 **note** you have delegated the responsibility for ICAO to the Associate Minister of Transport but, in order to avoid future queries from ICAO, we recommend that you sign the Instrument of Delegation
- 4 **sign** the attached replacement Instrument of Delegation identifying the Secretary for Transport as the responsible authority to issue credentials for New Zealand delegates to ICAO meetings Yes / No
- 5 **sign** the attached letter to the Secretary General of ICAO advising of your decision in 4 above. Yes / No




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Tom Forster  
**Manager, Economic Regulation**  
 2 / November / 2022

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Hon Michael Wood  
**Minister of Transport**  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Tom Forster, Manager, Economic Regulation	s 9(2)(a)	✓
Ken Hopper, Senior Licensing Adviser		

# Hon Michael Wood

MP for Mt Roskill

Minister of Immigration

Minister of Transport

Minister for Workplace Relations and Safety



Secretary General  
International Civil Aviation Organization  
999 Robert-Bourassa Boulevard  
Montreal  
Quebec H3C 5H7  
**CANADA**

Dear Secretary General

Please find enclosed the Instrument of Delegation signed by me authorising the Secretary for Transport in the Ministry of Transport to issue credentials to New Zealand delegation members attending International Civil Aviation Organization meetings, including the three-yearly Assemblies.

This letter, and the enclosed Instrument of Delegation, supersede any previous notice of delegation that may have been received by the International Civil Aviation Organization. For the avoidance of doubt, this does not preclude other appropriate New Zealand authorities from signing credentials as per the International Civil Aviation Organisation's practice.

Please accept, Sir, the assurances of my highest consideration.

Yours sincerely,

A handwritten signature in blue ink that reads "M. Wood".

Michael Wood  
**Minister of Transport**

# Hon Michael Wood

MP for Mt Roskill

Minister of Immigration

Minister of Transport

Minister for Workplace Relations and Safety



## INSTRUMENT OF DELEGATION

Under section 14A(b) of the Civil Aviation Act 1990 I have responsibility for administering New Zealand's participation in the International Civil Aviation Organization.

In that capacity I have the authority to issue credentials for New Zealand officials and approved non-government representatives attending meetings of the International Civil Aviation organisation, where such credentials are required to ensure effective participation.

Under clause 5 of Schedule 6 of the Public Service Act 2020, I hereby delegate to the holder of the position of Secretary for Transport, in the Ministry of Transport, authority to issue credentials for New Zealand officials and approved non-government representatives to participate in meetings of the International Civil Aviation Organization, including the three-yearly Assemblies.

I revoke the existing Instrument of Delegation, dated 11 October 2021.

Dated: 11/November 2022

Signed:

A handwritten signature in blue ink that reads "M. Wood".

Hon Michael Wood  
**Minister of Transport**

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982



9 November 2022

OC220981

**Hon Michael Wood**  
**Minister of Transport**

Action required by:  
Wednesday, 16 November 2022

## **PROACTIVE RELEASE OF CABINET PAPER AND MINUTE ON THE ESTABLISHMENT OF A BUS INDUSTRY STANDARD FOR PUBLIC TRANSPORT BUS DRIVERS**

### **Purpose**

Seek your agreement to publish the Cabinet paper and Minute for *Progress on establishing a bus industry standard agreement for public transport bus drivers* on Te Manatū Waka's (the Ministry's) website.

<b>Number of papers</b>	There are two documents in the proposed release.
<b>Deadline</b>	<p>We seek a response on this proactive release request as soon as practicable.</p> <p>Cabinet Office directive requires Cabinet papers and minutes to be published within 30 working days of final decisions being taken by Cabinet. Due to the paper being considered by DEV on 28 September, it would need to be released by 10 November 2022. We note that this deadline is not practical.</p> <p>The Ministry is also responding to an official information request due 29 November 2022 for the draft Cabinet paper (OC220763 refers). Officials propose to release the draft Cabinet paper in part, with redactions consistent with those proposed for the proactive release of the final paper. Your Office will be consulted on the proposed response to the official information request.</p>
<b>Risks</b>	<p>The documents contain reference to a Cabinet report-back in December 2022. This may lead to questions on the status of that report back.</p> <p>s 9(2)(f)(iv)</p> <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>

**Recommendations**

We recommend you:

- 1 **consider** the proposed documents for proactive release
- 2 **approve** the Ministry to publish the Cabinet paper and Minute for *Progress on establishing a bus industry standard agreement for public transport bus drivers* with redactions on the Ministry's website. Yes / No



Helen White  
**Manager, Mobility and Safety**

9 / 11 / 2022

Minister's office to complete:

- Approved
- Declined
- Seen by Minister
- Not seen by Minister
- Overtaken by events

Hon Michael Wood  
**Minister of Transport**

..... / ..... / .....

**Comments**

**Contacts**

Name	Telephone	First contact
Helen White, Manager, Mobility and Safety	s 9(2)(a)	✓
Holly Jameson, Graduate Adviser, Mobility and Safety		

THE OFFICIAL INFORMATION ACT 1982

## PROACTIVE RELEASE OF CABINET PAPER AND MINUTE ON PROGRESS TO ESTABLISH A BUS INDUSTRY STANDARD FOR PUBLIC TRANSPORT BUS DRIVERS

**The Ministry proposes proactively releasing two documents that have been shared with key stakeholders previously**

- 1 **Table 1** below sets out the documents that we propose to release.
- 2 The documents show progress by the bus industry and Government towards improving the retention and recruitment of bus drivers. They outline agreement reached by the sector on necessary improvements to terms and conditions, proposals for how the \$61 million Crown funding will be spent and advise Cabinet of future actions to be taken.
- 3 We recommend releasing this information as a proactive release. There is currently no other related material under consideration for proactive release.
- 4 As indicated in Table 1 below, the documents in this proposed proactive release have already been provided to key stakeholders in advance of your announcement on 30 October 2022.
- 5 We propose withholding information regarding s 9(2)(f)(iv) further work to establish costs for additional improvements to wages and conditions. We have proposed to withhold this information under s9(2)(f)(iv) on the basis that it is under active consideration.
- 6 The documents reference future work and a December 2022 Cabinet report back. There may be interest in the material released which could lead to further queries or official information requests. Officials can support your office to respond to these.

**Table 1: documents for proactive release**

	Document	Description of information withheld	Previously released?
1	<b>Cabinet Paper</b> – Progress on Establishing a Bus Industry Standard Agreement for Public Transport Bus Drivers	<span style="background-color: #cccccc; color: red;">s 9(2)(f)(iv)</span>	Yes. To key stakeholders in advance of the Minister's announcement.
2	<b>Minute</b> – Establishing a Bus Industry Standard for Public Transport Bus Drivers: Report on Progress	<span style="background-color: #cccccc; color: red;">s 9(2)(f)(iv)</span>	Yes. To key stakeholders in advance of the Minister's announcement.

### Link to other Official Information Act (OIA) requests

- 7 The Ministry is responding to an OIA request due 29 November 2022, for “a copy of all reports, briefings, and advice that the Ministry provided to the Minister of Transport in September 2022, excluding Weekly Reports”. The draft Cabinet Paper (OC220763) is in scope of that request.
- 8 It would be beneficial to proactively release the final version of the Cabinet paper before the draft is released to the requester.

### Consultation

- 9 We have consulted with Waka Kotahi NZ Transport Agency on the release of this information for distributing to key stakeholders in advance of your announcement on 30 October 2022.
- 10 You may wish to share the proposed material for release with the Minister of Finance, on the basis that it relates to decisions on the distribution of Budget 2022 funding.

s 9(2)(f)(iv)

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Document 9

9 November 2022

OC220962

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
Friday, 18 November 2022

Hon Grant Robertson  
Minister of Finance  
Hon Megan Woods  
Minister of Housing

## AUCKLAND LIGHT RAIL LTD: FEEDBACK ON DRAFT SPE AND SOI

### Purpose

Seeks your approval to submit feedback on Auckland Light Rail Limited's draft Statement of Performance Expectations (SPE) and Statement of Intent (SOI) on behalf of shareholding Ministers before the statutory deadline of 18 November 2022.

### Key points

- As a newly established Crown entity company, Auckland Light Rail Ltd needs to produce a SPE and SOI as soon as practicable after establishment
- Auckland Light Rail Ltd submitted its draft SPE and SOI to your Office on 28 October 2022
- As joint shareholding Minister of Auckland Light Rail Ltd, you have an opportunity to provide feedback on both statutory planning documents within 15 working days of receipt – that is, by 18 November 2022
- The draft SPE and SOI submitted by Auckland Light Rail Ltd do *not* comply with the minimum statutory requirements of the Crown Entities Act 2004 and do not provide a sound basis upon which to assess the company's performance
- The draft letter attached to this briefing asks the Chair to consider addressing the compliance issues outlined in the briefing before finalising both documents by the statutory deadline of 23 December 2022.



## AUCKLAND LIGHT RAIL LTD: FEEDBACK ON DRAFT SPE AND SOI

**The Statement of Performance Expectations (SPE) and Statement of Intent (SOI) provide an opportunity for you to influence an entity's short- to-medium term priorities**

- 1 SPEs and SOIs are statutory planning and accountability documents governed by the Crown Entities Act 2004 (the Act).
- 2 The purpose of SPEs and SOIs is to:
  - enable responsible/shareholding Ministers to participate in the process of setting annual (SPE) and longer-term (SOI) performance expectations
  - enable Parliament to be informed of those expectations
  - provide a base against which actual performance can be assessed.
- 3 SPEs must be produced annually and focus on the financial year ahead. While SOIs should cover a minimum of four years and be refreshed at least every three years, Auckland Light Rail Limited (ALRL, or the Company) was exempted from this requirement because the detailed planning phase is due for completion in 2024. Your letter of expectations to the Chair (dated 22 September 2022) asked ALRL to align the SOI's time horizon with the completion date of the detailed planning phase.
- 4 As a newly established Crown entity company, ALRL needs to produce a SPE and SOI "as soon as practicable" after establishment. Consistent with your letter of expectations, ALRL submitted its draft 2022/23 SPE and 2022-24 SOI to your Office on Friday 28 October 2022. You have 15 working days from this date to provide feedback on both documents, that is by 18 November 2022.
- 5 The Ministry reviewed the Company's draft SPE and SOI against the Project Planning and Funding Agreement (PPFA) and your letter of expectations to ensure strategic and operational alignment.
- 6 The Ministry also reviewed the draft accountability documents to ensure they comply with the statutory minimum content for both documents, as specified in sections 141 and 149E of the Act.

### **The draft SPE and SOI do *not* comply with the Crown Entities Act**

- 7 The draft SPE and SOI submitted by ALRL do *not* meet the statutory minimum requirements of the Act. As a result, neither document provides a sound basis for Parliament or the public to assess ALRL's performance during the detailed business case phase. The main gaps in the draft SPE and SOI are outlined below.

#### *Statement of Performance Expectations*

- 8 Section 149E of the Act requires an SPE to identify output classes for the financial year and for each output class:
  - Include a concise description of what it is intended to achieve
  - Identify expected revenue and costs
  - Describe how performance will be assessed.

- 9 ALRL's draft SPE does not identify any output classes per se, but three headings are listed under "Performance Targets": 'Programme', 'Relationships' and 'Organisational Health & Capability'. The proposed feedback asks ALRL to clearly identify output classes in its SPE and to ensure that adequate information on each output class is included, including greater clarity on how performance will be assessed.
- 10 The draft SPE includes inadequate information on the assumptions underpinning the Company's financial statements.

*Statement of Intent*

- 11 The Company's draft SOI does not adequately explain how the entity proposes to assess its performance over the forecast period, i.e., until the completion of the detailed business case in 2024.
- 12 The draft SOI includes some "performance targets for the Financial Year ending 2023", but these are generic statements that don't align with the SOI time horizon (in fact, they are exactly the same "targets" included in the draft SPE). The proposed feedback asks ALRL to improve the efficacy of its SOI performance assessment, including reference to submitting the detailed business case to the Crown by June 2024 (in accordance with the PPFA).
- 13 The draft SOI does not specify the time-period that it relates to on the title page (i.e., until 30 June 2024). The draft SOI also does not note that the Company was granted an exemption from the statutory requirement for a four-year time horizon required by (section 139(2)) the Act and why it was granted this exemption.

**The draft SPE and SOI could be better aligned with Government expectations**

- 14 The draft SPE and SOI could be better aligned with the Government's expectations and priorities for the Company, as outlined in the letter of expectations and PPFA.
- 15 The draft SPE and SOI includes the following ALRL objective "Developing a significant policy work programme including determining funding and financing, and delivery arrangements, led by central agencies and ensuring integration of policy decisions in the Business Case". This is incorrect, as the policy work programme will be led by Te Manatū Waka and other government agencies. The proposed feedback asks ALRL to better align the objectives outlined in its SPE and SOI with the roles and responsibilities specified in the PPFA.
- 16 The draft SOI notes that "...ALR Ltd will not be expected to return a profit or provide **returns** to its shareholders" (emphasis added). By comparison, the letter of expectations states that "...we do not expect the Company to make a profit or provide a **dividend** to shareholders during the detailed planning phase" (emphasis added).
- 17 While ALRL is exempted from providing a financial return to the Crown during the detailed planning phase (as allowed for in sections 165 and 166 of the Act), this exemption may change if the project moves into the delivery phase, and the Company will provide non-financial returns to the Crown during the detailed planning phase. Therefore, the feedback suggests using the specific wording included in the letter of expectations to avoid any potential confusion.



## Risks and impacts

- 18 Given the significant changes required by ALRL to meet the minimum statutory requirements of the Act, there is a risk that the Company may not have adequate time to respond appropriately to the feedback before finalising both documents. The Act requires the Company to consider your feedback on the draft SPE and SOI before finalising both documents and providing to you no later than 25 working days after receiving your comments (i.e., by 23 December 2022).
- 19 This risk has been mitigated by the Ministry providing an early heads-up to ALRL on the changes required to ensure that both documents meet the minimum statutory requirements of the Act. The Ministry will also work with the Company to assist with interpretation and implementation of feedback, if required.

## Consultation

- 20 The Ministry consulted with the Treasury and the Ministry of Housing and Urban Development (MHUD) on the Company's draft SPE and SOI.
- 21 MHUD expressed concerns about proposed performance measures (like those outlined above) and a lack of recognition in the draft SOI about the dependencies between the large-scale urban development projects and the Company's work programme.
- 22 The Treasury suggested that the briefing make specific reference to sections 165 and 166 of the Act, concerning the discretionary payment of profits and/or a capital charge to the Crown.

## Next steps

- 23 Please review the attached draft letter providing feedback on ALRL's draft SPE and SOI and (if acceptable) agree to the Minister of Transport signing the letter on behalf of shareholding Ministers, by 18 November 2022.

s 9(2)(f)(iv)

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s 9(2)(f)(iv)

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**PROACTIVE RELEASE BRIEFING**

10 November 2022

OC220910

**Hon Michael Wood**  
**Minister of Transport**

 Action required by:  
 Monday, 14 November 2022

**AUCKLAND LIGHT RAIL - PROACTIVE RELEASE OF DOCUMENTS FOLLOWING  
 NOVEMBER 2022 ANNOUNCEMENTS**
**Purpose**

Seek your approval to proactively publish advice relating to Auckland Light Rail (ALR) provided to you by Te Manatū Waka Ministry of Transport, the Treasury, and the Ministry of Housing and Urban Development (the sponsoring ALR Ministries) during the period June to October 2022 on the Ministry of Transport's website here:

<https://www.transport.govt.nz/area-of-interest/auckland/auckland-light-rail-project/>

<b>Number of papers</b>	14
<b>Deadline</b>	There is a deadline of publishing by 15 November 2022 to abide by Cabinet Office circular CO 18(4) that states that all Cabinet and Cabinet Committee papers and minutes be proactively released and published online within 30 business days of final decisions being taken by Cabinet. Officials will need up to 3 days to technically prepare documents for publication, therefore a prompt response is requested to allow officials to publish the documents as close to this deadline as practicable. More time will be needed if significant changes to the proposed redactions is suggested.
<b>Risks</b>	<p>These documents are likely to draw media attention given the high levels of public interest in the ALR programme. In particular, the below may attract particular attention:</p> <ul style="list-style-type: none"> <li>• An OIA request response was sent on 22 August 2022 which included the ALR Sponsors meeting agenda and papers for the meeting that took place on 06 July 2022 (Document 2). Some information was released in that response that we now consider should have been withheld.</li> <li>• In document 9, the briefing titled 'Auckland Light Rail - Auckland Light Rail Ltd establishment OIC and other matters', there are some figures which may attract negative media coverage around Auckland Light Rail Limited's (ALR Ltd) expenditure.</li> </ul>

## Key points

- This briefing provides you with a pack of 14 documents, considered for proactive release, containing advice provided to ALR Ministers by sponsoring ALR Ministries and the ALR Unit from June to October 2022.
- We are aiming to release this advice following Auckland Light Rail Limited's (ALR Ltd) recent announcement of establishment as a new company and to abide by Cabinet Office circular CO 18(4).
- We have received some Official Information Act requests (OIA requests) asking for this advice and have refused these requests under section 18(d) of the Official Information Act 1982 (the Act). Section 18(d) of the Act refers to the refusal of the OIA request as *the information requested is, or will soon be, publicly available*.
- The Ministry of Transport has led the scoping and review of these documents for proactive release and in doing so, has consulted with the Treasury, the Ministry of Housing and Urban Development, Auckland Council and ALR Ltd.
- Proposed redactions have been considered under provisions of the Act. The proposed redactions are primarily for reasons of privacy, confidentiality, free and frank advice, commercial sensitives and legal professional privilege. Public interest requirements have also been considered as part of determining withholding grounds.
- Given that some of these documents are second opinion advice from the sponsoring Ministries, there are inevitable contextual risks associated with perceptions of commentary on Auckland Light Rail Limited's outputs; we do not consider these risks to be significant.
- These documents are likely to draw media attention given the high levels of public interest. We consider that the information prepared is consistent with your preferred approach to transparency around the ALR project.

## Recommendations

We recommend you:

1	<b>Approve</b> the publication of 14 documents proposed for release with redactions as marked	Yes / No
2	<b>Approve</b> the Ministry of Transport to publish these documents on the Ministry of Transport's website	Yes / No
3	<b>Note</b> that in order to abide by Cabinet Office circular CO 18(4), the advice should be published as close to 15 November 2022 as is practicable.	Yes / No



Gareth Fairweather  
Director Auckland Light Rail, Ministry  
of Transport

10 November 2022

Hon Michael Wood  
Minister of Transport

..... / ..... / .....

Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

**Comments**

**Contacts**

Name	Telephone	First contact
Gareth Fairweather, Director Auckland Light Rail, Ministry of Transport	s 9(2)(a)	✓
Kerry Lambeth, Programme Manager, Auckland Light Rail, Ministry of Transport		
Jessica Ziegler, Project Coordinator, Auckland Light Rail, Ministry of Transport		

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## AUCKLAND LIGHT RAIL - PROACTIVE RELEASE OF DOCUMENTS FOLLOWING NOVEMBER 2022 ANNOUNCEMENTS

### Background

- 1 On 29 August 2022 Cabinet made a decision on the paper titled '*Establishment of Auckland Light Rail Limited*'.
- 2 Cabinet Office circular CO 18(4) states that all Cabinet and Cabinet Committee papers and minutes be proactively released and published online within 30 business days of final decisions being taken by Cabinet. This is the case "unless there is good reason not to publish". 30 business days from 29 August 2022 was 7 October 2022, however due to the following related Cabinet paper titled '*Crown Entities (Auckland Light Rail Limited) Order 2022 and Ombudsmen (Auckland Light Rail Limited) Order 2022*', information could not be released so it was not possible to meet this timeframe.
- 3 On 3 October 2022 Cabinet made a decision on the papers titled '*Crown Entities (Auckland Light Rail Limited) Order 2022 and Ombudsmen (Auckland Light Rail Limited) Order 2022*' and '*Auckland Light Rail Board –Appointments*'.
- 4 30 business days from 3 October 2022 is 15 November 2022. We are proposing to proactively release these two Cabinet Papers alongside the supporting joint advice provided to you by the sponsoring ALR Ministries and the ALR Unit from June to October 2022.
- 5 Subsequent to the decision to publish these Cabinet papers as part of a proactive release, the Ministry of Transport and the Minister of Transport have received several Official Information Act requests (OIA requests) asking for advice that falls in the scope of this proactive release. Responses have been sent from the Minister of Transport's office and the Ministry of Transport, refusing these requests under section 18(d) of the Act as *the information requested is, or will soon be, publicly available*.
- 6 On 4 November 2022, ALR Ltd made an announcement around its establishment as a new Crown Entity Company. Publishing the advice proposed in this proactive release, will provide transparency on the decisions made around the company establishment.
- 7 The Ministry of Transport led the scoping of this proactive release and found 14 documents in scope. A table of these documents is included in Annex One of this briefing with an overview of proposed redactions and the grounds for withholding under the Act.

### Timing

- 8 There is a deadline of publishing by 15 November 2022 to abide by Cabinet Office circular CO 18(4) that states that all Cabinet and Cabinet Committee papers and minutes be proactively released and published online within 30 business days of final decisions being taken by Cabinet, advice should be published as close to 15 November 2022 as is practicable.



*Review*

- 9 Officials have scoped and reviewed the 14 documents and propose some content should be withheld consistent with the grounds contained in the Official Information Act 1982 (the Act).
- 10 We recommend that information is withheld under the following sections of the Act:
- 9(2)(a) to protect the privacy of natural persons
  - 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
  - 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
  - 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
  - 9(2)(h) to maintain legal professional privilege
  - 9(2)(i) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
  - 9(2)(j) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
- 11 Specific redactions and the sections of the Act that would apply are noted in each marked-up briefing attached. In general, as an overview, we are proposing to withhold the following information:
- 11.1 Information that is still to be consulted on and agreed with mana whenua
  - 11.2 Free and frank advice
  - 11.3 Information and advice that is still being considered and yet to be decided.
  - 11.4 Commercially sensitive information
- 12 For each of the redactions proposed, we consider that the reasons for withholding the information outweigh any countervailing public interest.
- 13 Note that whilst agencies withhold information in proactive releases consistent with the Act, Section 48 of the Act (which protects Ministers and agencies from civil or criminal liability where information is released under the Act), does not apply to information that is proactively released. This is a risk any time that information is released in a proactive release vs an OIA response, and we do not evaluate that any document in particular in this release would carry such a risk.

## Consultations undertaken

- 14 The Ministry of Transport consulted the following agencies and groups on the release of the 14 documents proposed for proactive release:
- 14.1 The Treasury and the Ministry of Housing and Urban Development on all documents.
- 14.1.1 The Treasury provided suggestions on information to be withheld in those documents and the Ministry of Transport agreed to those suggestions.
- 14.1.2 The Ministry of Housing and Urban Development raised no concerns.
- 14.2 Auckland Light Rail Limited on Sponsors meeting papers which they produced. ALR Ltd provided suggestions on information to be withheld in those documents and the Ministry of Transport agreed to those suggestions.
- 14.3 Auckland Council on a Sponsors meeting paper which they produced. Auckland Council raised no concerns.
- 14.4 No further concerns have been raised at the time of this briefing.
- 15 All detail is included in Annex one.

## Risks and mitigations

- 16 As noted above, there is ongoing public, market and media interest in the ALR project. However, we believe that proactively releasing these documents is consistent with your preferred approach to transparency around the ALR project as well as the principles of the Official Information Act, namely to enhance respect for the law and to promote the good governance of New Zealand.
- 17 Given that some of these documents are second opinion advice from the sponsoring Ministries, there are inevitable contextual risks associated with perceptions of commentary on the ALR Group's outputs; we do not consider these risks to be significant.
- 18 As noted above, whilst agencies withhold information in proactive releases consistent with the Act, Section 48 of the Act which protects Ministers and agencies from civil or criminal liability where information is released under the Act, does not apply to information that is proactively released.
- 19 Across this proactive release we have taken an approach of withholding information around s 9(2)(f)(iv) [REDACTED], requiring authority status s 9(2)(f)(iv) [REDACTED] and land acquisition as officials are actively working through these issues.
- 20 An OIA request response was sent on 22 August 2022 which included the ALR Sponsors meeting agenda and papers for the meeting that took place on 06 July 2022 (Document 2). Some information was released in that response that we now consider should have been withheld:

20.1 In the paper titled 'ALR Group project update', recommendation 3 was released but should have been withheld under active consideration.

20.1.1 *“endorse and support the Delivery Entity gaining Requiring Authority status, which will likely require regulation to become a network utility operator under the Resource Management Act and then approval by the Minister for the Environment to gain Requiring Authority Status.”*

20.2 In the paper titled 'Update on policy work programme and delivery plan integration' para 25 bullet 4 was released but should have been withheld under active consideration.

20.2.1 *[There are further workstreams in earlier stages of scoping. Central government ministries own the workstreams of: ]*  
*“land acquisition – HUD officials are working closely with the Unit and MoT to determine the scope of this workstream. The workstream has dependencies across those relating to the determination of Delivery Entity and Consenting. The workstream will also consider the use of different tools available to enable land acquisition necessary to advance the project. Land acquisition will need to consider both that necessary for the construction of the light rail network as well as opportunities relating to urban development opportunities (including Transit Oriented Development around station locations).”*

- 21 As this information has already been released under the Act, we are proposing to release it within this proactive release. This may draw media attention and political scrutiny.
- 22 While inconsistent with the approach taken to withhold content on land acquisition and requiring authority status, our view is the risk to releasing these two pieces of content is low. We consider the risk greater to withholding them at this stage when they have already been released to a OIA requestor. All other information on these topics has been withheld.
- 23 In document 9, the briefing titled 'Auckland Light Rail - Auckland Light Rail Ltd establishment OIC and other matters', there are some figures which may attract negative media coverage around ALR Ltd's expenditure.
- 24 Paragraph 67 explains that *“the sum of \$25 million is the equivalent of three months of budgeted expenditure”* for ALR Ltd. The media may interpret spending \$8.3m per month on the project negatively.
- 25 The risk of releasing this sum is low. The size and timeframe for the appropriation has already been made publicly available.
- 26 Paragraph 71 states *“as part of the new appropriation providing a capital injection into the new company, it is proposed for funding to be provided to ALRL to pay for capital asset purchases totalling \$1 million across 2022/23 and 2023/24. These purchases cover office equipment, office fitouts and IT equipment”*. This is highlighted as a risk as the cost of office fit outs across government has attracted negative media coverage in the past.

- 27 The risks with releasing this figure are low. A new company will inevitably have costs to incur in establishing its office.
- 28 We do not foresee any further risks other than those outlined in the document schedule attached at Annex 1.

**Next steps**

- 29 Once you have approved the release of the documents, we will publish them on the ALR project page of the Ministry of Transport's website here:  
<https://www.transport.govt.nz/area-of-interest/auckland/auckland-light-rail-project/>.
- 30 Once the documents are published, we will write to the requesters who submitted OIA requests which were refused under section 18(d) of the Act to inform them where they can now find the requested information.

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**ANNEX ONE: Documents Considered for Proactive Release**

No.	Title	Document Date	Document type	Proposed action
1	Auckland Light Rail - Next steps for Delivery Entity policy work	22 June 2022	Briefing (OC220381)	Information withheld in line with sections 9(2)(a), 9(2)(b)(ii), 9(2)(f)(iv), 9(2)(i) and 9(2)(j) of the Act.
2	ALR Sponsors meeting agenda and papers for meeting on 06 July 2022	06 July 2022	Meeting papers	Information withheld in line with sections 9(2)(b)(ii), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(i) of the Act. Refer to paragraphs 19-21 in the risks and mitigations section of this briefing.
3	ALR Board Terms of Reference	12 July 2022	Terms of Reference	Release in full
4	ALR Sponsors meeting agenda and papers for meeting on 16 August 2022	16 August 2022	Meeting papers	Information withheld in line with sections 9(2)(f)(iv), 9(2)(g)(i), 9(2)(i) and 9(2)(j) of the Act.
5	Sponsors role with the new ALR Company – further advice	19 August 2022	Memo	Information withheld in line with section 9(2)(f)(iv) of the Act.
6	Establishment of ALR Limited	24 August 2022	Cabinet paper	Information withheld in line with sections 9(2)(f)(iv) and 9(2)(i) of the Act.
7	Establishment of ALR Limited - Cabinet Committee background information and talking points	24 August 2022	Talking points	Information withheld in line with section 9(2)(f)(iv) of the Act.
8	Establishment of <span style="background-color: #cccccc; color: red;">s 9(2)(f)(iv)</span> Limited	1 September 2022	Briefing (OC220762)	Information withheld in line with sections 9(2)(a) and 9(2)(f)(iv) of the Act.

No.	Title	Document Date	Document type	Proposed action
9	Auckland Light Rail Auckland Light Rail Ltd establishment OiC and other matters	15 September 2022	Briefing (OC220796)	Information withheld in line with sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i) of the Act. Refer to paragraphs 22-27 in the risks and mitigations section of this briefing.
9a	Crown Entities (ALR Ltd) Order 2022 and Ombudsmen (ALR Ltd) Order 2022	3 October 2022	Cabinet paper and Cabinet minute	Release in full
10	ALR Sponsors meeting agenda and papers for meeting on 27 September 2022	27 September 2022	Meeting papers	Information withheld in line with sections 9(2)(b)(ii), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(i) of the Act.
11	Auckland Light Rail Ltd Establishment – Interim Project Alliance Agreement (IPAA)	30 September 2022	Briefing (OC220841)	Information withheld in line with sections 9(2)(a), 9(2)(b)(ii), and 9(2)(h) of the Act.
12	Auckland Light Rail Limited Establishment – Response to Letter of Assurance	5 October 2022	Memo	Information withheld in line with section 9(2)(a) of the Act.
13	Establishment of ALR Limited	4 August	Briefing (OC220762)	Information withheld in line with sections 9(2)(a) and 9(2)(f)(iv) of the Act.



Document 12

10 November 2022

OC220966

Hon Michael Wood  
Minister of Transport

Action required by:  
Monday, 14 November 2022

## WAKA KOTAHI NZ TRANSPORT AGENCY- INTERVIEW SUMMARIES AND ADVICE ON CHAIR APPOINTMENT

### Purpose

Provides you with a summary of interviews undertaken for the Chair of Waka Kotahi New Zealand Transport Agency (Waka Kotahi), advice on a recommended appointment, and next steps to complete the appointment process.

### Key points

- In response to briefing OC220926 and previous meetings with officials, you agreed to the Ministry interviewing <sup>s 9(2)(a)</sup> [redacted] Dr Paul Reynolds and <sup>s 9(2)(a)</sup> [redacted] for the Waka Kotahi Chair position. We also recommended shortlisting <sup>s 9(2)(a)</sup> [redacted] however, he has indicated he is fully committed to other roles.
- Of the candidates interviewed, the Ministry recommends you agree to progress the appointment of Dr Paul Reynolds, subject to satisfactory due diligence and consultation. We consider Dr Reynolds has the skills, experience and aptitude to effectively lead Waka Kotahi through a complex and significant period of transition. Summaries of all interviews are attached as **Appendix One**, and a copy of the Waka Kotahi competency matrix with the Ministry's recommendation is included at **Appendix Two**.
- Should you agree with our recommended appointment, a draft letter is attached as **Appendix Three** to consult with your colleagues, in parallel with our consultation (on your behalf) with representative groups or persons within the land transport sector or elsewhere, required under section 98(2) of the Land Transport Management Act 2003. A list of recommended parties is included in paragraph 11. We will also undertake referee and other background checks for the appointee.
- Assuming no issues arise from the background checking and consultation processes, we will provide you with the papers required for Cabinet's Appointment and Honours Committee to consider this appointment.

<sup>s 9(2)(f)(iv)</sup> [redacted]

**Recommendations**

Subject to satisfactory due diligence, external and Ministerial consultation, we recommend you:

- 1 **agree** to progress the following candidate for appointment as Chair of the Waka Kotahi Board for a three-year term:

Dr Paul Reynolds ( <i>recommended</i> )	Yes / No
<span style="color: red;">s 9(2)(a)</span>	Yes / No
	Yes / No
	Yes / No

- 2 **advise** of any changes you wish to make to the proposed list of parties for the Ministry to consult on your behalf regarding the proposed appointment (refer to paragraph 11):
- 

*If you agree to Recommendation 1:*

- 3 s 9(2)(f)(iv) Yes / No

- 4 **note** the Ministry will undertake referee and other background checks for the recommended candidate, consult with the listed parties, and provide a summary of the results to your office.




---

Sarah Polaschek  
**Manager, Governance**  
 10 / 11 / 2022

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Hon Michael Wood  
**Minister of Transport**  
 ..... / ..... / .....

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Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

Comments

**Contacts**

Name	Telephone	First contact
Allan Prangnell, Deputy Chief Executive, System Performance and Governance	s 9(2)(a)	
Sarah Polaschek, Manager, Governance		✓
Jono Reid, Principal Adviser, Governance		

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## WAKA KOTAHI NZ TRANSPORT AGENCY- INTERVIEW SUMMARIES AND ADVICE ON CHAIR APPOINTMENT

### Four candidates have been interviewed for the Chair's role

- 1 A panel comprised of Allan Prangnell (Deputy Chief Executive, System Performance and Governance), Dame Kerry Prendergast (Independent Director) and Sarah Polaschek (Manager, Governance) interviewed Dr Paul Reynolds s 9(2)(a) s 9(2)(a) and s 9(2)(a) in early November 2022.
- 2 The panel considered the competencies needed for the Waka Kotahi Chair role. These include:
  - being capable of leading the entity through a significant period of transition, whilst balancing multiple objectives and stakeholders
  - setting the vision, strategic direction, and culture for the organisation
  - ensuring that management is delivering the Board's expectations appropriately and providing the necessary information for effective governance.
- 3 Each interview focused on the following key themes:
  - *Leadership and vision* – what they saw as the key challenges and opportunities, the future direction for transport and how this could be communicated.
  - *Evolving relationships and perceptions* – what they saw as key relationships and how these would be fostered. We also tested how they managed fronting challenges.
  - *Navigating complexity and ambiguity* – what experience they have dealing with complex situations and how it could apply to this role.
  - *Te Tiriti o Waitangi and Te Ao Māori* – how these could be applied to the work of Waka Kotahi and their experience engaging with tangata whenua.
  - *Getting the best out of the organisation* – what their chairing style was, how they would work with the Chief Executive and management, and the structures they would put in place to enable effective organisational culture and delivery.
  - *Delivery* – what they saw as specific delivery challenges and how regulation is given appropriate focus.
- 4 Candidates were also asked about their interest and availability for the role, and any potential conflicts of interest.
- 5 The following 'At a Glance' table summarises the strengths and points to consider for each candidate.

**At a Glance: Interviewed Candidates**

Candidate	Strengths	Points to consider
Dr Paul Reynolds	<ul style="list-style-type: none"> <li>• An articulate understanding of the challenges and opportunities for the transport system and what is needed for Waka Kotahi to be effective.</li> <li>• Able to communicate the vision for the new transport system and work constructively with stakeholders.</li> <li>• Public sector experience as a Chair and Chief Executive.</li> <li>• Experienced in governance and building strategic partnerships with other organisations.</li> <li>• Science and environmental background.</li> </ul>	<ul style="list-style-type: none"> <li>• Would offer transformative leadership for Waka Kotahi.</li> <li>• Able to navigate a complex and uncertain environment.</li> <li>• Recommended as the best candidate for appointment.</li> </ul>
<p>s 9(2)(a)</p> <p style="text-align: center; color: red; font-size: 2em; opacity: 0.5;">RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982</p>		

## The Ministry recommends Dr Paul Reynolds for appointment as the Chair

6 In the panel's view, Dr Paul Reynolds meets the competencies required to effectively lead Waka Kotahi. He is a highly experienced public servant, having been a Chair and Chief Executive. His interview highlighted the following abilities and perspectives he would bring to the role:

- *An understanding of the complexities within the current transport system, and a vision for the future* – Dr Reynolds has a clear picture of the issues and challenges facing Waka Kotahi and the transport system, including funding, regulation, climate change, and social equity challenges such as accessibility for all groups of people. Of the candidates interviewed, he possessed the clearest view of the changes he considered were necessary for Waka Kotahi to make going forward and how he would lead such change. Being based in Gisborne, he also appreciates the specific transport challenges experienced in regional New Zealand.
- *Experience in collaborating across agencies* – Dr Reynolds is particularly keen to establish a close relationship with the Ministry of Transport at all levels and arrange multi-agency forums that bring central and local government together to solve problems. He would build off his past experience as the Secretary for the Environment.
- *An understanding of Crown entity governance as both a Chair and Chief Executive* – Dr Reynolds stressed the importance of clarity of roles, for example between the Chair, Chief Executive and Minister, and between Waka Kotahi and other agencies. If appointed, he would particularly work hard on the relationship with the Chief Executives of both Waka Kotahi and the Ministry of Transport.
- *An understanding of Waka Kotahi's regulatory role and ensuring a continued focus at the Board level* – Dr Reynolds was involved in the Performance Improvement Framework (PIF) review of Waka Kotahi a few years ago and knows the importance of the entity's regulatory functions. He also has experience in working within regulatory environments through his previous roles. If appointed, he would want the Board to regularly focus on its regulatory role.

7 Dr Reynolds intends to reduce his governance workload over the next two years, so will have the time to commit to this role. He also has no conflicts of interest.

s 9(2)(g)(i)

s 9(2)(g)(i)

**Next steps to progress this appointment**

- 10 Should you agree to progress this appointment, the Ministry will commence referee and background checks and conduct industry consultation on your behalf. This consultation process is required under section 98(2) of the Land Transport Management Act 2003, which states that you must not appoint a (Waka Kotahi) Board member unless you have consulted with the “persons, representative groups within the land transport sector or elsewhere, government departments, and Crown entities” that you consider appropriate.
- 11 The Ministry consults with a wide range of parties as part of the industry consultation process. Our proposed list, for your approval, consists of:

Organisation
Auckland Transport
New Zealand Automobile Association
Bus and Coach Association New Zealand
Civil Contractors New Zealand
Cycling Action Network of New Zealand
KiwiRail Holdings Ltd
Living Streets Aotearoa
Local Government New Zealand
Port Chief Executives Group
Motor Industry Association of New Zealand
Motor Trade Association
New Zealand Council of Trade Unions
New Zealand Heavy Haulage Association
Rail and Maritime Transport Union of New Zealand
Ia Ara Aotearoa Transporting New Zealand (formerly the Road Transport Forum)
New Zealand Taxi Federation
Toll Group

Tramways and Public Transport Employees Union
-----------------------------------------------

- 12 You may wish to exclude any parties from this list or add any additional parties in **Recommendation 2**.
- 13 Attached as **Appendix Three** is a draft letter which you may use to consult with your caucus colleagues during this time.
- 14 Assuming no issues arise from this process, we will include a summary of feedback in our next briefing, which includes the papers required for Cabinet's Appointments and Honours Committee (APH) to consider the proposal.
- 15 Our estimated timing for the rest of the appointment process is:

Week ending	Action
18 November 2022	<ul style="list-style-type: none"> <li>• Ministerial decision on appointment.</li> <li>• Background checks commissioned and industry consultation carried out.</li> </ul>
25 November 2022	<ul style="list-style-type: none"> <li>• Industry consultation concluded.</li> <li>• Cabinet paperwork provided to your office.</li> </ul>
2 December 2022	<ul style="list-style-type: none"> <li>• Ministerial consultation. Lodgement of APH paper on 1 December 2022.</li> </ul>
9 December 2022	<ul style="list-style-type: none"> <li>• APH considers decision on 7 December 2022</li> </ul>
16 December 2022	<ul style="list-style-type: none"> <li>• Cabinet confirms decision on 12 December 2022</li> </ul>

## APPENDIX ONE: INTERVIEW SUMMARIES

### *Dr Paul Reynolds (recommended)*

- 1 Dr Paul Reynolds has an extensive background in public sector leadership, governance and research. Based in Gisborne, he is currently Chair of Toitū Envirocare, Chair of AgResearch and Deputy Chair of Manaaki Whenua – Landcare Research. Previously he served as Chief Executive of the Ministry for the Environment for seven years and held senior policy positions at the Ministry of Research, Science and Technology and the Ministry of Agriculture and Forestry. Prior to this, Dr Reynolds had a scientific research career at the University of Missouri, Waikato University, Department of Scientific and Industrial Research, and HortResearch. He holds a PhD in Biochemistry from the University of Otago. In 2018 he received the Companion of the Queen's Service Order award.
- 2 In his interview, Dr Reynolds showed that he is knowledgeable and articulate. He has a detailed understanding of the challenges and opportunities facing Waka Kotahi and the transport system, including the funding model and equity of access to transport for all regions. He was better able to articulate a vision for the new transport system than other candidates. Dr Reynolds has a strong public service ethic and naturally collaborates with others to build strategic partnerships, as he was able to show through his time as Secretary for the Environment. He also demonstrated a detailed understanding of Te Tiriti o Waitangi and Te Ao Māori from his current work with Manaaki Whenua and Trust Tairāwhiti.
- 3 The panel considered Dr Reynolds to be the best candidate for appointment to this role. He would offer transformational leadership for Waka Kotahi with his public sector leadership and governance experience, understanding of the transport system and ability to articulate a vision for the sector and organisation.

s 9(2)(a)

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THE OFFICIAL INFORMATION ACT 1982

s 9(2)(a)

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THE OFFICIAL INFORMATION ACT 1982



s 9(2)(a)



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**APPENDIX TWO: WAKA KOTAHI BOARD COMPETENCY MATRIX (RECOMMENDED APPOINTEE IN GREEN)**

Key: 

✓	Understanding / Experience in this area	✓✓	Strength in this area	Q	Qualification
---	-----------------------------------------	----	-----------------------	---	---------------

Member	Targets	Dr Paul Reynolds (Chair)	Cassandra Crowley (Deputy)	Patrick Reynolds	Catherine Taylor	Victoria Carter	John Bridgman	David Smol	Hon Tracey Martin	Ngarimu Blair								
<b>End of term</b>		Early 2026	17/09/2022	31/03/2024	17/09/2022	17/09/2022	31/10/2024	31/03/2024	31/10/2024	31/10/2024								
<b>Gender diversity</b>	50%	Male	Female	Male	Female	Female	Male	Male	Female	Male								
<b>Ethnic diversity</b>		NZ European	NZ European	NZ European	NZ European	NZ European	NZ European	British/Irish	NZ European	NZ Māori (Ngāti Whātua Ōrākei)								
<b>Region</b>		Gisborne	Wellington	Auckland	Tasman	Auckland	Christchurch	Wellington	Wellington	Auckland								
<i>Core skills and competencies</i>																		
Governance/strategy – experience in governance, preferably in both the public and private sectors, with the ability to ask the right questions of management, distinguish between governance and management, understand and perform governance functions and ability to engage with a range of stakeholders. Ability to deliver on Government policy and direction.	5* ✓	3* ✓✓	s 9(2)(a), s 9(2)(g)(i)															
Health and safety – strong understanding of the health and safety legislation, requirements and processes	5 ✓																	
Legal – understanding of legal frameworks in which a director and the organisation must operate within	5 ✓																	
<i>Essential skills and competencies</i>																		
Finance (investment and funding) – deep understanding of funding mechanisms, investment funding models and debt management, including a strong understanding of how funding works	3 ✓	1 ✓✓																
Regulatory – an understanding of regulatory functions and powers including experience in either a regulated industry or as a regulator. A deep understanding of the fundamentals of a modern regulator and the impacts of regulation	1 ✓	1 ✓✓																
Engineering/construction or infrastructure (including procurement) – experience in developing, implementing or monitoring major capital projects. Has an understanding of supply chains, asset management and procurement. In particular, has experience with large scale contracts and contract management.		1 ✓✓																
Accounting (financial or audit, risk and assurance) – qualified accountant either in finance or with proven audit, risk and assurance experience, including having chaired an audit committee. Must have experience overseeing or delivering risk management and assurance functions within large organisations.		2 ✓✓																
Stakeholder engagement including iwi – experience engaging with several diverse stakeholders including fellow directors, management, key individuals, local government, transport sector and iwi in order to establish and maintain effective relationships		1 ✓✓																
Business/commercial – a strong understanding and/or experience in a commercial setting	1 ✓	1 ✓✓																
Mode Shift – understanding of the Government's priorities towards a mode-neutral transport system, including the shift to carbon neutral, or environmentally friendly methods of transportation	1 ✓	1 ✓✓																
Public sector (local government and central government) – Experience at an operational level of Local Government is desirable – operators not elected officials	1 ✓	1 ✓✓																
C = Central, L = Local, CE = Crown Entity																		
<i>Useful skills</i>																		
People/HR/culture and leadership – experience in building or overseeing the development of highly engaged and capable workforces, alongside shaping a high performing organisational culture		1 ✓✓																

Land transport sector knowledge		1 ✓✓	s 9(2)(a), s 9(2)(g)(i)
Urban development – understanding of integrated land use planning and infrastructure development, including taking a systems perspective to integrating the built environment within the transport system	1 ✓		
Equity and access – understanding of the challenges facing minority social and economic groups within the transport sector, and possible transport solutions to overcome such challenges	1 ✓	1 ✓✓	
Sustainability and resilience	1 ✓		
<i>Nice to have – could be found within the organisation and act as an adviser to the board</i>			
Digitally competent (ICT) – Knowledge of digital systems and experience in overseeing IT Change management, assurance of change programmes.			

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# Hon Michael Wood

MP for Mt Roskill

Minister of Immigration

Minister of Transport

Minister for Workplace Relations and Safety



Government Caucus Members  
Parliament Buildings  
**WELLINGTON 6011**

Dear Colleagues

## **Appointment of Dr Paul Reynolds as the Chair of the Waka Kotahi New Zealand Transport Agency Board**

I am writing to seek your feedback on my intention to appoint Dr Paul Reynolds as the Chair of the Waka Kotahi New Zealand Transport Agency (Waka Kotahi) Board.

### **Background: Waka Kotahi, the New Zealand Transport Agency**

Waka Kotahi is a Crown agent as described in section 7 of the Crown Entities Act 2004.

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. Its functions include managing the State highway system, managing funding of the land transport system and managing regulatory requirements for transport on land. Waka Kotahi has statutory responsibility for allocating funding from the National Land Transport Fund, which is the main central government funding source for the land transport system.

The Land Transport Management Act 2003 further outlines Waka Kotahi's statutorily independent functions, which are to:

- develop and approve the National Land Transport Programme (NLTP) to give effect to the direction and priorities in the Government Policy Statement on Land Transport (GPS)
- approve activities as qualifying for payment from the National Land Transport Fund (NLTF)
- approve procurement procedures for land transport activities
- issue or suspend any land transport document or authorisation
- enforce any provisions relating to its functions.

### **Proposed candidate for appointment – Dr Paul Reynolds**

Dr Paul Reynolds is an experienced public sector leader and governance professional. He is currently Chair of Toitū Envirocare, Chair of AgResearch and Deputy Chair of Manaaki Whenua – Landcare Research. Previously he served as Chief Executive of the Ministry for

the Environment for seven years and held senior policy positions at the Ministry of Research, Science and Technology and the Ministry of Agriculture and Forestry. Prior to this, Dr Reynolds had a scientific research career. He holds a PhD in Biochemistry from the University of Otago. In 2018 he received the Companion of the Queen's Service Order award.

I consider that Dr Reynolds has a strong understanding of the challenges and opportunities facing both Waka Kotahi and the transport system and has a strong vision for the future. These challenges include funding, climate change, giving effect to delivery across multiple modes of transport, regulation, and social equity issues such as accessibility. Based in Gisborne, he appreciates the specific transport challenges experienced in regional New Zealand.

As Chair, he would aim to work collaboratively across agencies and bring people together to solve problems. He understands Waka Kotahi's regulatory role and would ensure a continued focus at the Board level. He also has a detailed understanding of Te Tiriti o Waitangi and Te Ao Māori from his current work with Manaaki Whenua and Trust Tairāwhiti.

### **Appointment process**

I can confirm that an appropriate process has been followed in terms of the Public Service Commission's appointment guidelines. This consisted of public advertising and seeking nominations, shortlisting, and interviewing candidates. Consultation with representative groups in the transport industry is underway, along with referee and other background checks.

### **Your feedback**

I intend to take the proposed appointment to the Cabinet Appointment and Honours Committee in mid December 2022.

If you wish to provide any feedback about these proposed appointments, please let me know by **21 November 2022**.

Yours sincerely

Hon Michael Wood  
**Minister of Transport**

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11 November 2022

OC220989

**Hon Minister Michael Wood**  
**Minister of Transport**

## MEETING WITH METSERVICE BOARD MEMBERS AND CEO

### Snapshot

You will be meeting with the MetService Board Chair, Director and Chief Executive Officer on 17 November 2022. To support you in your meeting, we provide the following background information.

<b>Time and date</b>	10am-10:30am, 17 November 2022
<b>Venue</b>	Parliament Executive Wing - Room 5.1
<b>Attendees</b>	Sophie Haslem, Chair of the MetService Board Martin Matthews, Director of the MetService Board Stephen Hunt, CEO of MetService
<b>Officials attending</b>	Alan Prangnell, Deputy Chief Executive, System Performance & Governance James O'Donnell, Principal Adviser, Programme Assurance and Commercial
<b>Agenda</b>	Item 1: New Zealand future challenges with high-impact weather in a changing climate and what that means for future services supporting the Meteorological Services Act 1990 Item 2: MetService's transformation programme Item 3: Tasman radar issue as per your letter Item 4: Update on current state of play with aviation weather services funding

### Contacts

Name	Telephone	First contact
James O'Donnell, Principal Adviser, Programme Assurance and Commercial	s 9(2)(a)	✓
Lakeshia Livapulu, Graduate Adviser, Programme Assurance and Commercial		

# MEETING WITH METSERVICE BOARD MEMBERS AND CEO

## Agenda

- 1 MetService has provided the following items that it would like to discuss with you at the meeting:
  - New Zealand future challenges with high-impact weather in a changing climate
  - MetService's transformation programme
  - Nelson / Tasman radar
  - Update on aviation weather services' funding.
- 2 We expect that MetService will be presenting information to you on these discussion points.

## Background to your relationship and contract for services with MetService

- 3 Under the Meteorological Services Act 1990 (the Act) as the Minister of Transport, you are responsible for ensuring the provision of meteorological services in New Zealand, including the provision of weather forecasts and warnings to support public safety. You have contracted MetService to provide these core functions and fulfil your obligation under the Act.
- 4 The contract is managed and administered by the Ministry of Transport (the Ministry) on your behalf. The current contract has a full term of 12 years (from 1 July 2015 to 30 June 2027) with renewal options every four years. The current renewal period expires on 30 June 2023.
- 5 We are currently negotiating with MetService the renewal of the contract from 1 July 2023 through to 30 June 2027. We have provided you with updates on this negotiation process and the expected cost in a recent Weekly Report of 4 November. This process is also feeding into the Budget 23 process. A copy of that advice is attached to this briefing as **Appendix One**.

## New Zealand's future challenges with high-impact weather in a changing climate and what that means for future services supporting the Meteorological Services Act 1990

- 6 MetService wish to discuss the following points:
  - There is an expectation of more frequent/severe weather events, which will have transport specific impacts. For example, flooding events and the increased vulnerability of coastal communities.
  - MetService's services will need to evolve to maximise benefits for risk management and incident response.
  - There is also a need for improving cross government collaboration during high-impact weather events, including the growing need for a strong authoritative

voice on weather impacts, and addressing risks from conflicting information from different sources.

7 As background: between December 2021 to June 2022, a User Reference Group (URG) was formed to review the services currently provided under the contract to ensure they remain relevant. s 9(2)(ba)(ii)

8 The URG also assessed nine proposals for new and enhanced services that MetService suggested for including in the renewed contract from 30 June 2023. The URG recommended that four of these proposals be considered further.

9 In the Ministry's internal Budget 2023 process, we presented you with two of these proposals for consideration:

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

10 s 9(2)(g)(i)

11 MetService is aware that these two proposals were submitted but not approved.

s 9(2)(g)(i)

12 A further issue that the URG identified is the importance of having one source of truth during high-impact weather events to avoid conflicting information being released. It determined that there is a need for improved cross government collaboration to address this. However other stakeholders in the group also appreciated the different information available in order to help them make informed decisions.

13 Overall, the Ministry and the URG see a benefit in cross government collaboration as it reduces the risk of duplication of services.

### MetService's transformation programme

14 MetService will outline the approach to its transformation programme. We understand this transformation programme is designed to take them through to 2026. It will address major changes in MetService's role through their response to changes in their industry and there is a digital transformation aspect to it.

### Tasman radar issue

15 You received and responded to a letter from the Mayor of Nelson and the Mayor of Tasman District about a need for a Tasman based radar to address extreme weather events. In the letter you made the following comment, "I will discuss further with MetService when I meet with them".





- 21 To partially remedy its earnings shortfall and reduce the need for ETC funding, MetService has agreed a fee increase with the Board of Aviation Representatives. MetService increased its fees from 1 April 2022 and a further increase will occur on 1 July 2023.
- 22 Flight volumes into New Zealand have increased significantly compared to the previous two years. Consequently, MetService's recent monthly ETC claims have reduced significantly. For example, MetService informed the Ministry that it would not be claiming ETC support for August. While the Ministry is yet to receive reports for September/October, we are confident that any claims for those months will be relatively low, if any.
- 23 MetService has previously noted that it will take years to fully recover the losses due to COVID-19. However, given the changes in recent months MetService is in a more commercially viable position than previously anticipated.
- 24 Assuming there are no claims from MetService for September and October 2022, it will have received s 9(2)(b)(ii) in funding from the ETC scheme.

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**Appendix One: Update on MetService Contract Negotiation [BUDGET] [SENSITIVE]**

We have engaged with MetService on the review of its contract for weather forecasting services. This contract meets the Government's obligations under the Meteorological Service Act 1990. The original contract was entered into in 2015, with reviews every four years until 2027. We are currently reviewing the contract for 2023 to 2027 including the pricing. After 2027 an entirely new contract will be negotiated, and we will brief you in 2023 on the options for the future of the contract.

s 9(2)(b)(ii), s 9(2)(f)(iv)



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## Biographies



### **Sophie Haslem – Chair of the MetService Board**

Sophie has over 20 years of broad commercial experience working across both large established corporate entities and early-stage growth companies. Her diverse industry exposure includes logistics, banking, infrastructure, hi-tech manufacture/export, software development, digital/mobile services, direct marketing, registries, BPO, insurance and energy. She is a Chartered Member of the Institute of Directors in New Zealand.



### **Martin Matthews – Director of the MetService Board**

Martin is a consultant and director. He is currently also a director of the Wellington Museums Trust and the Independent Chair of the Finance, Risk and Assurance Committee for Greater Wellington Regional Council.

Martin was previously Controller and Auditor-General, Secretary for Transport, and Chief Executive of the Ministry for Culture and Heritage. Martin is a Fellow of Chartered Accountants Australia and New Zealand.



### **Stephen Hunt – CEO of MetService**

Stephen is Chief Executive Officer of MetService and known for delivering commercial success across public and private sectors. He has a reputation for leading at the forefront of industry through effective strategy, inclusive leadership, empathetic change, culture, and relationship management. Extensive background in the Defence Force especially in the aviation sector.



Document 16

15 November 2022

OC220996

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
Tuesday, 22 November 2022

## **TE MANATŪ WAKA MINISTRY OF TRANSPORT ANNUAL REVIEW 2021/22 - RESPONSE TO SELECT COMMITTEE QUESTIONS**

### **Purpose**

To advise you of Te Manatū Waka Ministry of Transport's (the Ministry's) upcoming appearance before the Transport and Infrastructure Committee (the Committee) for its 2021/22 Annual Review hearing on Thursday 8 December 2022, and to provide you with our draft response to the Annual Review questions.

### **Key points**

- For this year's Annual Review, the Ministry must respond to 162 written questions by Monday, 5 December 2022.
- Unlike the Estimates process where you are responsible for the answers to the questions, the Ministry is responsible for answering the Annual Review questions.
- The 162 questions are essentially the same as those received for the 2020/21 Annual Review, with some additional topics e.g. Auckland Light Rail.
- A draft copy of our response is attached. It is similar to previous years, and we believe it to be low risk.
- Topics the Committee may focus on at the hearing include:
  - Road to Zero
  - Carbon neutrality
  - COVID-19 impacts
  - Supply chain issues
  - Transport emissions.
- The Committee will focus on Auckland Light Rail for approximately 30 minutes of the hearing, and Dame Fran Wilde as Chair will be in attendance to answer questions.
- If any significant changes are made to our response before the hearing, we will inform your Office.

**Recommendations**

We recommend you:

- 1 **review** the Ministry's draft response to the Annual Review questions Yes / No
- 2 **advise** Ministry officials of any comments you have on the Ministry's draft response by Tuesday, 22 November 2022. Yes / No

*Meg Ows*

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Megan Shields  
**Acting Manager, Ministerial Services**

---

Hon Michael Wood  
**Minister of Transport**

15/11/2022

..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Robyn Smith, Deputy Chief Executive, Corporate Services	s 9(2)(a)	
Megan Shields, Acting Manager, Ministerial Services		
Robert McShane, Principal Adviser, Ministerial Services		
Prashila Dayal, Senior Adviser, Ministerial Services		✓

15 November 2022

OC220874

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
 Tuesday, 22 November 2022

## 2021/22 ANNUAL PERFORMANCE UPDATE ON WAKA KOTAHI NZ TRANSPORT AGENCY

### Purpose

To update you on the 2021/22 performance of Waka Kotahi NZ Transport Agency ('Waka Kotahi' or 'the Agency'). This will also support you communicating your performance expectations to Waka Kotahi.

### Key points

- It has been a difficult operating environment with many different demands on Waka Kotahi. The Agency has made good progress in a number of areas through 2021/22. We have identified a number of areas for improvement. The Ministry's assessment of performance can be found in **Appendix One**.
- The Board has continued to manage a complex organisational shift to align to Government priorities and Ministerial expectations. This has required significant investment in capacity and capability. The organisational shift in people, systems and processes is ongoing and will take time to fully embed.
- Waka Kotahi has operated within challenging operating conditions throughout 2021/22. It has led a significant programme of work whilst responding to challenges relating to COVID-19 restrictions, managing cost escalations driven by inflationary pressures, and constraints relating to the supply of labour and materials.
- The Agency has responded to severe weather events across several communities. Emergency repairs following the Nelson storm event in August 2022 are ongoing, with excavation completed on three of the four sites. Severe weather events are predicted to become more frequent as the impacts of climate change worsen. It will be important for Waka Kotahi to strengthen the resilience of the network to respond effectively to severe weather and other emergency events in the future.
- Ongoing challenging operating conditions, new priorities and increasing expectations are contributing to increased risks associated with delivery performance. The Ministry recommends you provide clear direction through a letter to the Chair of Waka Kotahi to assist its focus. This would support a period of consolidation to embed changes, improve efficiency and value for money, and enable Waka Kotahi to complete structural design changes, and respond to current priorities. A draft letter for your consideration can be found in **Appendix Two**.

**Recommendations**

We recommend you:

1. **note** the Ministry of Transport's assessment of Waka Kotahi NZ Transport Agency's performance throughout 2021/22
2. **agree** to sign the draft letter to the Chair of Waka Kotahi, or provide feedback Yes / No
3. **agree** to discuss your reflections on performance and proposed regulatory restructure at your next meeting with Waka Kotahi NZ Transport Agency on 29 November 2022 Yes / No



\_\_\_\_\_  
 Sarah Polaschek  
**Manager, Governance**  
 15 / 11 / 22

\_\_\_\_\_  
 Hon Michael Wood  
**Minister of Transport**  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Sarah Polaschek, Manager, Governance	s 9(2)(a)	✓
Brett Thomson, Principal Adviser, Governance		
Jenny Smith, Senior Adviser, Governance		
Emma Petrenas, Adviser, Governance		



## 2021/22 ANNUAL PERFORMANCE UPDATE ON WAKA KOTAHI NZ TRANSPORT AGENCY

***This briefing provides a performance assessment of Waka Kotahi to support you communicating priorities and expectations in the future***

1. The Ministry of Transport has considered a range of inputs to support its performance assessment, including:
  - reviewing the annual reports for 2021/22 (including the National Land Transport Fund annual report) and related quarterly performance briefings sent by Waka Kotahi
  - drawing on insights from briefings relating to Waka Kotahi covering a range of programmes of work, including the National Land Transport Plan (NLTP), New Zealand Upgrade Programme (NZUP), Climate Emergency Response Fund (CERF), Regulatory Fees and Funding Review and other related work
  - engagement with Waka Kotahi through monitoring conversations with the Chair, management, and staff
  - engagement with key stakeholders, including central agencies and transport sector stakeholders.
2. The Ministry has summarised its performance assessment in **Appendix One** for your consideration. The areas of focus for our assessment include strategic alignment, delivery performance, regulatory performance, organisational capability, stakeholder engagement and communications, financial management, and strategic risks. The Ministry's assessment should be considered within the wider contextual information from the Agency's annual reports and the Chairs letter to you dated 20 October 2022.
3. This is an important opportunity to reflect on the performance of Waka Kotahi, consider whether it is successfully delivering on your priorities, and determine if there are specific areas you would like Waka Kotahi to focus its performance on in 2022/23 and beyond.

***Waka Kotahi has experienced a significant and rapid expansion in its activities in a difficult operating environment***

4. In recent years the Government has significantly increased spending on transport infrastructure. In addition to delivering the National Land Transport Programme, Waka Kotahi has been asked to deliver the New Zealand Upgrade Programme and a large package of initiatives funded through the Climate Emergency Response Fund. At the same time, Waka Kotahi's role has become more complex as it has shifted its focus from providing roading infrastructure to influencing modal choice, while taking on new responsibilities through initiatives such as the Carbon Neutral Government Programme. There is more work to do to embed these new responsibilities and functions, but Waka Kotahi has been able to make good progress in several areas, while dealing with external shocks such as the Covid-19 pandemic and several significant emergency weather related events.

***The Ministry recommends you provide clear direction to Waka Kotahi to enable it to improve delivery of key priorities and embed current expectations following a period of rapid growth***

5. The Ministry's performance assessment highlights that Waka Kotahi requires time to develop and embed organisational systems and processes for new initiatives. The increased expectations placed on Waka Kotahi means that there is a heightened risk that performance and delivery issues will impact the ability of Waka Kotahi (and land transport more widely) to achieve its strategic objectives and meet expectations to which it has publicly committed.
6. Public interest in land transport is heightened due to ongoing work related to significant procurements, roading surface maintenance, significant infrastructure works, cost escalations, ongoing consideration of speed reviews, behavioural change activities to support mode shift, and initiatives to support responding to the Emissions Reduction Plan (ERP).

***The Ministry recommends you consider further work being performed to improve quality, efficiency, and value for money around maintenance performance***

7. State Highway maintenance costs have increased significantly. Waka Kotahi reported to you several factors (BRI-2594 refers) contributing to increasing levels of degradation of the roading network. These include a 28% increase in heavy vehicle kilometres travelled from 2009 to 2021 and increased severity of weather events impacting across New Zealand. Reduced output of scheduled maintenance is expected due to constraints on industry capability and capacity (including loss of expertise due to a reduction in number of providers) and improved health and safety standards. Waka Kotahi reported 9% of the network's condition was below or near the level of what it considers acceptable.
8. The Ministry recommends you seek options from Waka Kotahi to understand what opportunities there are to improve maintenance performance.

***The Ministry recommends you seek assurance from Waka Kotahi around changes being proposed that have the potential to impact regulatory performance***

9. Waka Kotahi is considering a significant organisation redesign, titled 'Moving forward with Te Kāpehu'. The Ministry believes there is an appropriate case for change to ensure Waka Kotahi can build better alignment and focus to key services. s 9(2)(f)(iv)

[Redacted text block]

10. From the Martin Jenkins review into the 2018 regulatory failure, the Ministry is aware that there was no single reason for the failure, but rather a range of underlying factors. The Ministry recommends you seek assurance from Waka Kotahi to ensure proposed

organisational changes to functions that support the Director of Land Transport will not negatively impact regulatory performance and contribute to an increased risk of regulatory failure.

***The Ministry and Waka Kotahi are currently undertaking a review to understand the drivers of recent growth in operating expenditure and how the Agency considers value for money***

11. The Ministry has noted significant growth in the Agency's people and use of contractors with employment-related expenditure increasing from \$98.2 million in 2017/18 to \$262 million in 2021/22 (this includes \$80 million that has been allocated to NLTP activities).
12. Following a period of rapid growth to implement additional initiatives, a review of operating expenditure has been commissioned to take stock of the recent growth and provide insight into the basis for operating expenditure decisions made by Waka Kotahi.
13. The Ministry will provide advice to you including recommendations when this operating expenditure review has been completed.

**Next steps**

14. The Ministry has provided you with a draft letter to the Chair of Waka Kotahi for your consideration.
15. You are meeting with the Chair and Chief Executive of Waka Kotahi on the 29 November 2022.

## Appendix One: Assessment of Waka Kotahi NZ Transport Agency 2021/22 performance

Strategic Alignment
Assessment
<p>Waka Kotahi NZ Transport Agency (Waka Kotahi) has aligned its strategic framework titled 'Te Kāpehu – tō mātou anga rautaki' to a range of Government priorities, Ministerial expectations, and legislative requirements. These include:</p> <ul style="list-style-type: none"> <li>• Government Policy Statement on Land Transport for 2021-2024 (GPS 2021)</li> <li>• New Zealand Upgrade Programme (NZUP)</li> <li>• Emissions Reduction Plan (ERP) and National Adaptation Plan (NAP)</li> <li>• Road to Zero strategy</li> <li>• Carbon Neutral Government Programme (CNGP)</li> <li>• Climate Emergency Respond Fund (CERF) initiatives from Budget 2022</li> <li>• Ministerial Letters of Expectations (LoEs)</li> <li>• Martin Jenkins report on the 2018 regulatory failure.</li> </ul> <p>This has required a significant shift to the Agency's capability and organisational design, meaning the Board now manages a broader set of priorities and funding sources, increasing the level of complexity. This has required significant investment in capacity and capability with much of the organisational shift in people, systems, and process ongoing.</p> <p>Waka Kotahi has four system outcomes as outlined within its Statement of Intent (SOI):</p> <ul style="list-style-type: none"> <li>• safety</li> <li>• environmentally sustainable</li> <li>• effectively and efficiently moving people and freight</li> <li>• meeting current and future needs.</li> </ul> <p>In addition to building strategic alignment, Waka Kotahi has been allocated ring-fenced Crown funding (NZUP and CERF) to achieve specific deliverables. This has reduced the flexibility of decision-making (as opposed to the Board's independent decision making around the NLTP), however, has been considered necessary to enable delivery. Waka Kotahi continues to contribute to a significant land regulatory work programme at the Ministry, including updating the Government Policy Statement for 2024-27.</p> <p>Waka Kotahi can be commended for its work to build alignment in the following areas:</p> <ul style="list-style-type: none"> <li>• Embedding Te Kāpehu through the organisation</li> <li>• Developing its performance framework, including system outcomes which align well to GPS 2021</li> <li>• Taking steps to prioritise initiatives set out in the ERP, including development of Tiro Rangi Climate Adaptation Plan, expected to be finalised by end of 2022</li> <li>• s 6(a) [REDACTED]</li> </ul> <p>The Ministry has noted an area where further improvement in alignment is required, including:</p> <ul style="list-style-type: none"> <li>• several activity classes have been identified within the NLTP, including Road to Zero, walking and cycling improvements, and local road improvements where Waka Kotahi has noted areas of flexibility to reduce expenditure. s 9(2)(g)(i) [REDACTED]</li> </ul>

## Delivery performance

### Assessment

Waka Kotahi has a range of delivery expectations as outlined in its Statement of Performance Expectations for 2021/22, including specific deliverables for the following programmes of work:

- National Land Transport Plan 2021-2024 (NLTP)
- NZUP
- ERP
- Regulatory functions (covered separately in regulatory performance assessment)

Waka Kotahi has reported its results in its annual report for 2021/22, highlighting it achieved:

- 16 of 26 (62%) system outcome measures, this is split by the Agency's strategic priorities:
  - *safety* – 5 of 6 (83%) performance measures were achieved
  - *environmentally sustainable* – 2 of 4 (50%) performance measures were achieved
  - *efficiently and effectively moving people and freight* – 4 of 8 (50%) performance measures were achieved
  - *meeting current and future needs* – 5 of 8 (63%) performance measures were achieved
- 19 of 36 (54%) output class performance measures, with key output classes underachieving:
  - *state highway improvements* – 0 of 2 (0%) performance measures achieved
  - *local road improvements* – 0 of 1 (0%) performance measures achieved
  - *walking and cycling* – 0 of 3 (0%) performance measures achieved
  - *Road to Zero* – 1 of 6 (17%) performance measures achieved
- 36 of 53 (68%) vote transport appropriation performance measures
- key milestones for 6 of 22 (27%) significant capital projects relating to the NLTP
- key milestones for 7 of 18 (39%) significant capital projects relating to NZUP

During 2021/22 Waka Kotahi can be commended for its delivery performance in the following areas:

- Responding to increased levels of emergency works
- Embedding the first year of the NLTP 2021-2024
- Opening of Te Aranui o Te Rangihaeata (Transmission Gully Road)
- Leading and supporting the implementation of speed reviews
- Making progress on a range of NZUP projects
- Development of the Rail Network Investment Programme
- Introduction, Implementation, and ongoing management of the Clean Car Discount scheme
- Identifying and procuring a preferred National Ticketing Solution.

The Ministry has noted an area where further improvement in delivery performance is required, including:

- as reported by Waka Kotahi in its Annual Report the Road to Zero programme needs to lift delivery performance
- maintenance of the roading network

## Regulatory performance

### Assessment

Waka Kotahi has a vital independent regulatory role around ensuring the land transport system is safe.

The Ministry is aware of the findings from the 2019 Martin Jenkins report into the land transport regulatory failure. Waka Kotahi remains committed to building its capability, culture, and oversight to improve regulatory performance of the land transport system. Martin Jenkins reported, in December 2021, that significant progress has been made in several areas particularly in clarifying direction, roles and responsibilities, and key shifts required. These include improvements in the focus and profile of regulatory activity within the organisational processes in place for escalation of issues and risks and staff feel they have the mandate to raise risks and receive timely responses.

During 2021/22 Waka Kotahi can be commended for its delivery performance in the following areas:

- Successfully implementing the role of Director of Land Transport (the Director) since 1 April 2021.
- Work to date on drafting a 10-year regulatory strategy to support its primary focus of improving safety into the future
- Work to date on drafting a regulatory performance framework which includes the development of performance measures to support transparency and accountability of regulatory performance. This will be an important input into the SPE for 2023/24
- Leading the regulatory fees and funding review of the land transport. This has been an extensive process involving public consultation, policy and options development, and Ministerial engagement. Funding has been sought for new regulatory functions to strengthen the land transport regulatory system.

The Ministry has noted an area where further improvement in regulatory performance is required, including:

- Gaps in current regulatory performance information makes it difficult to understand areas of the regulatory system which could be considered vulnerable and corresponding mitigations.

Waka Kotahi is progressing work which will support the strategic direction, funding, and accountability of regulatory performance. <sup>s 9(2)(f)(iv)</sup>

<sup>s 9(2)(g)(i)</sup>

The Ministry will continue to monitor regulatory performance with a particular focus on what, if any, impact the restructure has.

## Organisational capability

### Assessment

Waka Kotahi is going through a significant change process to align better with Te Kāpehu and improve its ability to deliver to expectations. Through this period, it has been under organisational pressure due to rapid growth in its capability and capacity to meet a range of delivery expectations. Some of its processes, systems, and organisational design has not kept pace with increased requirements. Improvements in capability and capacity are occurring to meet the complexity and scale of services, for example risk management, financial management, and digital systems (further detailed below).

Waka Kotahi is working through a three-phased approach to consider its organisational structure, with decisions having been made on its group functions. There are several key areas which Waka Kotahi is looking to strengthen, including digital capability, operational policy and risk and assurance.

Waka Kotahi has developed four strategic priorities to support organisational performance:

- culture and leadership
- future focus
- accelerating digital
- delivering excellence.

Significant ongoing work is required to embed this period of growth in capability and capacity before increases in effectiveness and efficiency are realised.

For the period ending 30 June 2022, Waka Kotahi spent \$262 million on employment costs (this includes \$80 million that has been allocated to NLTP activities) which is an increase from \$98.2 million in 2017/18. Waka Kotahi reported it has 2,375.8 permanent employees, with 53% of its workforce female. Turnover was 18% for the period, an increase from 11% in the prior year. It also has a significant level of vacant positions it is actively recruiting for.

During 2021/22 Waka Kotahi can be commended for its organisational capability development in the following areas:

- It has carried out a self-review of its risk maturity utilising the All-of-Government Enterprise Risk Maturity Assessment Framework, and subsequently developed a strategy to improve its risk management practices. This is expected to take three years to embed and there is likely to be further work required to improve practices to a level expected for the complexity and size of the organisation
- Waka Kotahi has developed a digital strategy to address several legacy digital systems and respond to operating within an increasing scope of work
- It has established the safer rail team and established the new rail regulatory risk framework.

## Stakeholder engagements and communications

### Assessment

Waka Kotahi is a Crown Agent, and as part of the Public Service Act 2020, it has a role to uphold public service values and principles. Given the public interest in transport, the way in which Waka Kotahi communicates the complexity of its work in simple and clear messages is pivotal to its success. It needs to engage with a range of communities at a national and regional level, including Councils, delivery partners, and advocacy groups.

The Ministry has noted significant levels of public interest across a range of programmes. Areas such as speed reviews, deterioration of roads, and promotional activity around local government candidates.

During 2021/22 Waka Kotahi can be commended for its stakeholder engagement in the following areas:

- It has signalled proactively and maintained open lines of communication around pressures on the NLTP which has supported a shared understanding and managing expectations
- Its engagement regionally with Councils (elected members and officials) is constructive
- It is building a strong proactive relationship with the Engagement and Communications team in Te Manatū Waka, allowing for greater collaboration, information sharing and cooperation
- Waka Kotahi have actively participated in the Road to Zero Ministerial Oversight Group and relevant operational governance groups
- Waka Kotahi led the development of a range of initiatives under the Tackling Unsafe Speeds banner. Including in part, the development of a speed management framework, the establishment of a speed management register and the development of a speed management guide
- Waka Kotahi recognised a need to improve its relationship with NZ Police and to ensure that NZ Police were responding to the underachievement of the targets articulated as part of the Road Safety Partnership Program. It has developed a new governance arrangement to support decision making and improvement in delivery.

The Ministry has noted some areas where further improvement in its stakeholder engagement is required, including:

- communications around public concerns of road maintenance
- its approach to managing communications around delays to the opening of significant projects
- its reaction to complaints can improve. For example, it did not respond timely to complaints made around promotional activity featuring candidates ahead of the local government elections. It subsequently embedded new processes after the Public Service Commission sent a letter to the Chair of Waka Kotahi
- some concerns around the cost effectiveness of some elements invested in the Road to Zero campaign.



## Financial management

### Assessment

Waka Kotahi manages significant levels of funding. Over the 2021-24 NLTP period, Waka Kotahi will be managing \$24.3 billion of investment (including NLTF funding, the Rail Network Investment Plan, and the New Zealand Upgrade programme). Expenditure in 2021/22 was \$4.3 billion. It is expected expenditure in 2022/23 will increase reflecting the stage of work for significant projects through year two of the NLTP and progress against NZUP.

As of 30 June 2022, Waka Kotahi has \$2.3 billion of facilities available through to 30 June 2024. Waka Kotahi recently provided you with a briefing (refer to MIN-3959) which outlines forecasting around upper and lower limits of activity classes.

In addition, Waka Kotahi manages a regulatory function (supported by fees and charges and a \$96 million Crown loan) and from 2022/23 will be responsible for implementing CERF funding initiatives

Waka Kotahi and the Ministry have worked together to carry out two reviews. The first review was the State Highway Maintenance review which found that the Statement of Performance Expectations (SPE) measures are not fully representative of the difficulties Waka Kotahi is facing. The review recommends Waka Kotahi refine its internal financial/budget management processes to ensure the planned level of work is programmed and delivered on time and to budget. It also recommends improvements to ensure that all work (maintenance and renewal) is completed to the required specification the first time to reduce performance and quality issues.

The second review examined Transport Investment Costs and Drivers. Key findings noted cost increases observed are exceeding those in the Waka Kotahi indices and are largely associated with state highway improvement projects, and budgets for projects in the implementation phase. Labour, materials, transport equipment and insurance inputs have increased in cost at a faster rate than core CPI. The review recommends that further analysis into the impact that factors outside the indices are having on transport sector costs will allow the Ministry and Waka Kotahi to target interventions on the factors they can control or influence.

The Ministry continues to work with the Agency to embed the Ministry's Value for Money (VfM) assessment model in its appraisal, monitoring, reporting and evaluation processes.

The Ministry has developed a transport sector monitoring framework to standardise the monitoring, reporting and evaluation approaches across transport initiatives and programmes. This framework considers the VfM assessment model and its key elements that drive the delivery of better outcomes dynamically throughout the intervention or investment lifecycle. The Ministry is working with Waka Kotahi to apply the framework to finalise the GPS 2024 Monitoring Framework and to agree on the indicator sets for monitoring and reporting performance at a system level, in a manner that supports Waka Kotahi monitors its performance at an operational level.

Two GPS reviews are currently being completed, one on the overall GPS 2018 and one on the mode shift component of the GPS 2018. Preliminary findings indicate Waka Kotahi has made some noticeable shifts towards public transport investment, and to some extent walking and cycling improvements, aligning with the access, safety, and environmental objectives of the GPS. In addition, Waka Kotahi also conducted a significant review of the investment decision-making framework (IDMF) and approach. This has resulted in a new cost-benefit analysis methodology to support transport investment decisions in the future. The reviews also recommend that improvements should be made to improve the quality of investment data captured in Waka Kotahi's Transport Investment Online (TIO).

Across all of Waka Kotahi programmes of work, cost escalation has been significant, placing pressure on the NLTP and NZUP projects. Within the context of cost escalations, forecasting costs with high levels of accuracy has been difficult.

The Ministry understands the challenging operating environment with changing domestic and global pressures impacting on a range of key assumptions used to price projects, including workforce and materials.

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## Strategic risks

### Assessment

Waka Kotahi will continue to face a difficult and challenging operating environment in 2022/23. The Ministry will closely monitor the following strategic risks:

- Ability to deliver on budget and within timeframes – due to workforce and material constraints, key programmes of work might be deferred or require further funding to address cost escalations
- The level of the stakeholder engagement response from Waka Kotahi required to keep pace with rising levels of public concern in key areas of performance and delivery
- s 9(2)(f)(iv)
- Increased risk of litigation – advocacy groups are increasingly utilising litigation as a lever to achieve their desired outcomes. Waka Kotahi has noted that it is currently working on seven judicial reviews requiring significant levels of resourcing
- Increasing cost and risk associated to climate change and severity of weather events of the land transport network – the severity of isolated weather events is increasing in frequency and strength contributing to landslips, erosion, deterioration of surface and greater levels of emergency works. s 9(2)(f)(iv)
- Long-term funding sustainability – transport adaptation to support climate change priorities has the potential to constrain the Agency's primary revenue source (NLTF) while at the same time placing increasing pressure on its expenditure. The Ministry and Waka Kotahi continue to update you on the Land Transport Revenue Review.
- Ongoing risks around ability to deliver new initiatives outside of existing core activities, including CERF/ERP actions. Additional activities have the potential to overwhelm Waka Kotahi and lead to reduced output of existing activities.

s 9(2)(g)(i)

The Board will have a challenging 2022/23 with public interest and media scrutiny likely to continue to increase, the operating environment remaining challenging, and expectations around delivery likely to increase.

**Appendix Two: Draft letter to Chair of Waka Kotahi NZ Transport Agency**

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# Hon Michael Wood

MP for Mt Roskill

Minister of Immigration

Minister of Transport

Minister for Workplace Relations and Safety



Sir Brian Roche  
Chair  
Waka Kotahi NZ Transport Agency Board

s 9(2)(a)

Dear Sir Brian

Thank you for providing the 2021/22 Annual Reports for Waka Kotahi NZ Transport Agency (Waka Kotahi / the Agency) and the National Land Transport Fund (NLTF).

I would like to acknowledge the significant work of the Board, management, and the staff of Waka Kotahi over the last year as it continues to support the Government to deliver its transport priorities. I appreciate that Waka Kotahi has managed a broad suite of services and projects while responding to a changing operating environment and challenges relating to COVID-19 restrictions over the past year. I note your continued effort to manage a complex organisational shift to align to Government priorities and my expectations. I understand the ongoing organisational shift in people, systems and processes will take time to fully embed.

Waka Kotahi's response over the past year to significant weather events has been substantial, and I acknowledge both the hard work of staff and the development of systems and processes to manage these situations. I understand resilience of the transport network is increasingly important to withstand and respond to an increased severity and frequency of weather events. The Agency's response to support communities to manage and recover from damage throughout New Zealand is very much appreciated.

I understand funding sustainability is considered a key risk by Waka Kotahi. I appreciate the advice you have provided throughout the year, particularly with regards to the National Land Transport Fund and other key programmes of work. s 9(2)(f)(iv)

The last three years have placed significant pressures on the Agency and have made it challenging to achieve some objectives. I look forward to seeing performance improvements throughout the 2022/23 period as pressures associated with COVID-19 and the impact of other international events start to ease.

I wish you the very best and please pass on my appreciation to the staff of Waka Kotahi.

Yours sincerely

Hon Michael Wood  
**Minister of Transport**

17 November 2022

OC221010

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
Monday, 21 November 2022

## **TRANSPORT ACCIDENT INVESTIGATION COMMISSION: DOCUMENTATION TO FINALISE APPOINTMENTS**

### **Purpose**

Provide you with documentation to finalise with the Governor-General the appointments of two new members of the Transport Accident Investigation Commission (the Commission), if confirmed by Cabinet on 21 November 2022.

### **Key points**

- The Cabinet Appointments and Honours (APH) Committee has considered your proposed appointments of David Clarke and Bernadette Arapere as new members of the Commission.
- The Ministry has undertaken referee and other background checks on the two appointees and have found no issues.
- If Cabinet confirms the proposed appointments, the following documents are attached for the Governor-General to appoint the two new members:

#### **Appendix One:**

- Letter of recommendation to the Governor-General
- Advice sheet recommending the appointments (on goatskin parchment)

#### **Appendix Two:**

- Notices of Appointment (on goatskin parchment – for the Governor-General to sign first).

#### **Appendix Three:**

- Letters of Appointment
- Gazette Notice
- **Annex A** outlines the expected timing for the rest of the appointment process and the roles and responsibilities for you, the Governor-General, and your Office.

**Recommendations**

Subject to confirmation by Cabinet on 21 November 2022, we recommend you:

- 1 **sign** the letter of recommendation to the Governor-General and advice sheet (printed on goatskin parchment) attached as **Appendix One**, proposing the appointments of David Clarke and Bernadette Arapere to the Commission. Yes / No
- 2 **send** the signed letter of recommendation, signed advice sheet, and the unsigned notices of appointment (printed on goatskin parchment) attached as **Appendix Two**, to the Governor-General (via the Cabinet Office). Yes / No

Subject to the Governor-General's approval of the appointment (i.e., your receipt of the signed goatskin parchments), we recommend you:

- 3 **sign and send** the attached letters of appointment and the *Gazette* notice attached as **Appendix Three**. Yes / No



Sarah Polaschek  
**Manager, Governance**  
21 / 11 / 2022

Hon Michael Wood  
**Minister of Transport**  
..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Sarah Polaschek, Manager, Governance	s 9(2)(a)	
Wayne Church, Contracted Advisor, Governance		✓
Tina Collins, Advisor, Governance		

**ANNEX A: EXPECTED TIMEFRAMES AND RESPONSIBILITIES**

Date (2022)	Responsibility	Action
<i>Subject to Cabinet endorsement of the appointments on 21 November 2022:</i>		
By 21 November	Minister of Transport	Signs the documents attached as <b>Appendix One</b> i.e.: <ul style="list-style-type: none"> <li>• letter of recommendation to the Governor-General.</li> <li>• advice sheet recommending the appointments (goatskin parchment).</li> </ul>
	Minister's office	Submits to the Cabinet Office: <ul style="list-style-type: none"> <li>• the Minister's <u>signed</u> letter of recommendation to the Governor-General.</li> <li>• the Minister's <u>signed</u> advice sheet recommending the appointments (goatskin parchment).</li> <li>• the <u>unsigned</u> notices of appointment (goatskin parchment) (<b>Appendix Two</b>).</li> </ul>
	Governor-General	Signs the: <ul style="list-style-type: none"> <li>• advice sheet recommending the appointment.</li> <li>• notices of appointment.</li> </ul>
<i>Subject to the Governor-General's approval of the appointments i.e., your receipt of the signed goatskin parchments (advice sheet and signed notices of appointment)</i>		
	Minister of Transport	With the following documents: <ul style="list-style-type: none"> <li>• countersigns the notices of appointment for David Clarke and Bernadette Arapere.</li> <li>• signs the letters of appointment to David Clarke and Bernadette Arapere attached as <b>Appendix Three</b>.</li> <li>• signs the <i>New Zealand Gazette</i> notice attached as <b>Appendix Three</b>.</li> </ul>



Date (2022)	Responsibility	Action
Ideally by 1 December	Minister's office	Sends the signed letters and notices of appointment to David Clarke and Bernadette Arapere.  Returns the signed <i>New Zealand Gazette</i> notice to the Ministry's Governance team.

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Wellington, / /

Her Excellency the Governor-General is respectfully advised to appoint,  
pursuant to section 5 of the Transport Accident Investigation Commission Act 1990

**David Gordon Clarke**

**Bernadette Roka Arapere**

as members of the Transport Accident Investigation Commission, for terms commencing on  
1 December 2022 and expiring on 30 November 2025.

---

Hon Michael Wood  
Minister of Transport

Appointed

---

Governor-General

/ /

# Hon Michael Wood

MP for Mt Roskill

Minister of Immigration

Minister of Transport

Minister for Workplace Relations and Safety



Her Excellency The Right Honourable Dame Cindy Kiro, GNZM, QSO  
Governor-General of New Zealand  
Government House  
Private Bag 39995  
Wellington Mail Centre  
**LOWER HUTT 5045**

Your Excellency

## **Transport Accident Investigation Commission: Member Appointments**

I am writing to you recommending the appointment of David Gordon Clarke and Bernadette Roka Arapere as members of the Transport Accident Investigation Commission (the Commission) for three-year terms commencing on 1 December 2022 and expiring on 30 November 2025.

The Commission was established under the Transport Accident Investigation Commission Act 1990 (the Act). It is an independent accident investigation body for aviation, rail, and maritime accidents. Its principal purpose is to determine the circumstances and causes of accidents and incidents with a view to avoiding similar occurrences in the future.

Appointments are made subject to section 5 of the Act. The Commission consists of three to five members who are appointed by you, on my recommendation, for a period of up to five years. I am recommending the appointment of one new member to replace Richard Marchant, who resigned on 31 October 2022, and another new member to increase the Commission to five members.

### **David Clarke and Bernadette Arapere have the legal and governance expertise required to be members of the Commission**

**David Clarke** is a Wellington barrister and director of Avid Legal, specialising in corporate and commercial law. He advises on commercial transactions across a wide range of industries and sectors including telecommunications, technology, energy, defence and infrastructure. He is also experienced in operational and structural governance issues and regulatory compliance.

Mr Clarke is currently an independent member of two Ministry of Defence project boards, Chair of Football in the Community Trust and a board member of Raroa Intermediate School. Previously he was on the board of Skylight Trust, the Chair of Sport Wellington, Chair of Russell McVeagh and a member of the Karori Sanctuary Trust (Zealandia).

Mr Clarke will bring a background of dealing with complex operational and regulatory issues and providing legal advice in the transport sector. He is experienced in law, governance and

understands the dual role of being a Commissioner investigating accidents and a member of the Board.

**Bernadette Arapere** (Ngāti Raukawa Te Au Ki Te Tonga, Ngāti Tūwharetoa, Ngāti Maniapoto) is an experienced barrister based in Whanganui, specialising in public law litigation, Te Tiriti o Waitangi and Māori legal issues, whenua, and governance matters. She has been senior counsel in the Māori Land Court, District Court, High Court, Court of Appeal and Supreme Court of New Zealand.

Ms Arapere is currently trustee of the Raukawa ki te Tonga Trust and New Zealand Law Foundation. Previously she was Co-Chair of Community Law Centres of Aotearoa Inc. and trustee of Te Manawanui Emergency Housing Trust.

Ms Arapere has sound litigation experience in testing evidence and researching complex evidential issues from her public sector roles. She has been on a variety of boards, understands the importance of relationships, and would offer a diverse perspective with her knowledge of Te Reo and Te Ao Māori, as well as living outside the main centres.

**These appointments will result in the Commission having the required balance of skills, experience and diversity**

I am satisfied these appointments will result in a well-balanced board in terms of gender, age, region, and ethnicity, and have the necessary skills and experience. A Commission with five members will have three female and two male members, one Māori member, and geographic diversity with Masterton, Christchurch, Wellington and Whanganui members. The core competencies of governance, strategy and legal experience would be well covered. The Commission would also have the required sector, regulatory, inquiry, financial, public policy, stakeholder, and practical legal experience amongst the membership.

Under the Act, one of the members of the Commission must be a barrister and solicitor of the High Court, who has held a practising certificate for not less than seven years or be a District Court Judge. Both Mr Clarke and Ms Arapere meet this requirement, along with the Chair of the Commission.

Attached for your consideration and signature is my recommendation and the appointment notices.

Yours sincerely

Hon Michael Wood  
**Minister of Transport**





**Gazette Notice**

**Appointments to the Transport Accident Investigation Commission**

Pursuant to section 5 of the Transport Accident Investigation Commission Act 1990 and section 28(1)(b) of the Crown Entities Act 2004, Her Excellency the Governor-General of New Zealand has appointed

Bernadette Roka Arapere

David Gordon Clarke

as members of the Transport Accident Investigation Commission, for terms commencing on 1 December 2022 and expiring on 30 November 2025.

Dated at Wellington this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Hon Michael Wood  
**Minister of Transport**

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# Hon Michael Wood

MP for Mt Roskill

Minister of Immigration

Minister of Transport

Minister for Workplace Relations and Safety



Bernadette Arapere

s 9(2)(a)

Dear Bernadette

## Appointment to the Transport Accident Investigation Commission

I am pleased to advise that the Governor-General has appointed you as a member of the Transport Accident Investigation Commission (the Commission) for a term commencing on 1 December 2022 and expiring on 30 November 2025. The notice of appointment is attached.

Your appointment is made under section 5 of the Transport Accident Investigation Commission Act 1990 and section 28(1)(b) of the Crown Entities Act 2004. Commission members are the Board for the purposes of the Crown Entities Act 2004.

I would be grateful if you would confirm in writing your acceptance of this appointment at your earliest opportunity. A notice of your appointment will be published in the *New Zealand Gazette*.

### *Conflicts of Interest*

I note you have certified that you are not disqualified from being appointed and have declared you have no material conflicts of interest. I expect you to follow the Commission's standard processes for declaring and managing any actual conflicts of interest should they arise.

### *Continuation*

As per section 32(2) of the Crown Entities Act 2004, you may be reappointed to the Commission. Section 32(3) enables you to continue in office despite the expiry of your term until you are either reappointed, or a successor is appointed to your position, or you are informed by written notice that you will not be reappointed, and no successor will be appointed.

### *Resignation*

As per section 44 of the Crown Entities Act 2004, should you wish to resign from office prior to the end of your term, you will need to provide written notice to me, with a copy to the Commission. The resignation would be effective on my receipt of the notice, or at any later time specified in the notice.



### *Removal*

As per section 39 of the Crown Entities Act 2004, the Governor-General may, at any time for just cause, on my advice as the responsible Minister given after consultation with the Attorney-General, remove a member of the Commission by written notice.

### *Collective and Individual Responsibility.*

As per section 26 of the Crown Entities Act 2004, you must comply with the Commission's collective duties (described in sections 49 to 52 of the Act), your individual duties as a member (sections 53 to 57) and any directions applicable to the Commission under section 103. You are accountable to me for performing your duties as a member of the Commission.

### *Remuneration*

The Remuneration Authority sets the fees for the Commission and will inform you of the current rate. You are also entitled to be reimbursed for any expenses incurred attending meetings or undertaking any other agreed work. The Commission's secretariat will be able to assist you with claims and any taxation matters.

Your contact at the Ministry of Transport is Sarah Polaschek, Manager, Governance. Her phone number is s 9(2)(a) and her email address is [s.polaschek@transport.govt.nz](mailto:s.polaschek@transport.govt.nz). You will be invited to attend an induction at the Ministry early next year as part of your introduction to the Commission.

Being a member of a statutory Crown entity is a significant role and provides an opportunity for you to make a major contribution to improving New Zealand's transport safety record. The skills and experience you bring to the position are a considerable asset to the Commission.

I wish you well for your term.

Yours sincerely

Hon Michael Wood  
**Minister of Transport**

Encl: Notice of Appointment

Copy to: Jane Meares, Chief Commissioner, Transport Accident Investigation Commission  
Martin Sawyers, Chief Executive, Transport Accident Investigation Commission  
Bryn Gandy, Acting Chief Executive, Ministry of Transport  
Geoffrey Summers, Chair, Remuneration Authority

# Hon Michael Wood

MP for Mt Roskill

Minister of Immigration

Minister of Transport

Minister for Workplace Relations and Safety



David Clarke

s 9(2)(a)

Dear David

## Appointment to the Transport Accident Investigation Commission

I am pleased to advise that the Governor-General has appointed you as a member of the Transport Accident Investigation Commission (the Commission) for a term commencing on 1 December 2022 and expiring on 30 November 2025. The notice of appointment is attached.

Your appointment is made under section 5 of the Transport Accident Investigation Commission Act 1990 and section 28(1)(b) of the Crown Entities Act 2004. Commission members are the Board for the purposes of the Crown Entities Act 2004.

I would be grateful if you would confirm in writing your acceptance of this appointment at your earliest opportunity. A notice of your appointment will be published in the *New Zealand Gazette*.

### *Conflicts of Interest*

I note you have certified that you are not disqualified from being appointed and have declared you have no material conflicts of interest. I expect you to follow the Commission's standard processes for declaring and managing any actual conflicts of interest should they arise.

### *Continuation*

As per section 32(2) of the Crown Entities Act 2004, you may be reappointed to the Commission. Section 32(3) enables you to continue in office despite the expiry of your term until you are either reappointed, or a successor is appointed to your position, or you are informed by written notice that you will not be reappointed, and no successor will be appointed.

### *Resignation*

As per section 44 of the Crown Entities Act 2004, should you wish to resign from office prior to the end of your term, you will need to provide written notice to me, with a copy to the Commission. The resignation would be effective on my receipt of the notice, or at any later time specified in the notice.

### *Removal*

As per section 39 of the Crown Entities Act 2004, the Governor-General may, at any time for just cause, on my advice as the responsible Minister given after consultation with the Attorney-General, remove a member of the Commission by written notice.

### *Collective and Individual Responsibility.*

As per section 26 of the Crown Entities Act 2004, you must comply with the Commission's collective duties (described in sections 49 to 52 of the Act), your individual duties as a member (sections 53 to 57) and any directions applicable to the Commission under section 103. You are accountable to me for performing your duties as a member of the Commission.

### *Remuneration*

The Remuneration Authority sets the fees for the Commission and will inform you of the current rate. You are also entitled to be reimbursed for any expenses incurred attending meetings or undertaking any other agreed work. The Commission's secretariat will be able to assist you with claims and any taxation matters.

Your contact at the Ministry of Transport is Sarah Polaschek, Manager, Governance. Her phone number is s 9(2)(a) and her email address is [s.polaschek@transport.govt.nz](mailto:s.polaschek@transport.govt.nz). You will be invited to attend an induction at the Ministry early next year as part of your introduction to the Commission.

Being a member of a statutory Crown entity is a significant role and provides an opportunity for you to make a major contribution to improving New Zealand's transport safety record. The skills and experience you bring to the position are a considerable asset to the Commission.

I wish you well for your term.

Yours sincerely

Hon Michael Wood  
**Minister of Transport**

Encl: Notice of Appointment

Copy to: Jane Meares, Chief Commissioner, Transport Accident Investigation Commission  
Martin Sawyers, Chief Executive, Transport Accident Investigation Commission  
Bryn Gandy, Acting Chief Executive, Ministry of Transport  
Geoffrey Summers, Chair, Remuneration Authority

17 November 2022

OC221021

**Hon Kieran McAnulty**  
**Associate Minister of Transport**

cc Hon Michael Wood  
Minister of Transport

## MEETING WITH THE CIVIL AVIATION AUTHORITY CHAIR AND CHIEF EXECUTIVE – 21 NOVEMBER 2022

### Snapshot

You are meeting with the Civil Aviation Authority (the Authority) Chair and Chief Executive on 21 November 2022. To support you in your meeting, Te Manatū Waka has provided comments on the proposed agenda items. Suggested talking points are in **Annex One**.

<b>Time and date</b>	<b>4.00pm – 4.30pm, 21 November 2022</b>
<b>Venue</b>	<b>G.036 (Parliament Buildings)</b>
<b>Attendees</b>	Janice Fredric, CAA Chair Keith Manch, CAA Chief Executive
<b>Officials attending</b>	Sarah Polaschek, Manager, Governance Alex Beedell, Senior Adviser, Governance
<b>Agenda</b>	1. The current operating landscape and issues 2. An update on the Authority's expenditure for 2022/23 3. The Air Navigation System Review
<b>Talking points</b>	<b>Annex One</b>

### Contacts

Name	Telephone	First contact
Allan Prangnell, Deputy Chief Executive, System Performance & Governance	s 9(2)(a)	
Sarah Polaschek, Manager, Governance		✓
Alex Beedell, Senior Advisor, Governance		

## Meeting with the Civil Aviation Authority Chair and Chief Executive – 21 November 2022

### Key points

- You are meeting with Janice Fredric (Chair) and Keith Manch (Chief Executive) of the Civil Aviation Authority (the Authority) on 21 November 2022. The Authority provided its meeting advice to your office on 15 November 2022.
- This is the second of your regular meetings with the Authority since you took up your delegation, and the last of your scheduled meetings this calendar year. You last met with the Authority on 10 October 2022 and discussed the following agenda topics:
  - **Funding review** – you reiterated Transport Ministers’ expectation that the Authority’s new funding model is implemented by 1 July 2024
  - **ICAO Security Audit Outcomes / ICAO Assembly update** – the Authority noted difficulties caused by current financial constraints and discussed next steps in its response to the ICAO Security Audit findings including the Corrective Action Plan
  - **Civil Aviation Bill update** – you noted your support of an extension for the date of implementation from 18-months to 24-months after Royal Assent.
- Suggested talking points for this meeting are provided for your consideration in **Annex One**.

*In addition to the agenda items provided, the Chair may also wish to discuss upcoming reappointments to the Board*

- The terms of the Chair and board member Charles Spillane expire on 2 December 2022. The Minister of Transport verbally agreed to their reappointment based on previous Te Manatū Waka advice, to ensure continuity and stability of the Authority.
- The Appointment and Honours Committee is in high demand for the remainder of this calendar year – therefore, it is unlikely that the Committee will consider these reappointments before the expiry of the members’ terms.
- We propose that you send Ms Fredric and Mr Spillane extension letters. The letter will ask the members to stay on the CAA Board until you are in a position to consider their reappointments (in accordance with section 32(3) of the Crown Entities Act 2004).

# MEETING WITH THE CIVIL AVIATION AUTHORITY CHAIR AND CHIEF EXECUTIVE – 21 NOVEMBER 2022

## Items one and two: The current operating landscape and issues / An update on the Authority's expenditure for 2022/23

- 1 Te Manatū Waka largely supports the Authority's view of the issues, risks, and impacts set out in its advice to you. Specific commentary on two of the pressures identified by the Authority is provided in **Annex Two**.
- 2 The following points respond to the financial pressure outlined by the Authority, and have implications for the majority of pressures it has identified as well as its business-as-usual activities.
- 3 The operational context for the Authority is challenging. Since 2020, demand for regulatory activities (such as certification) has remained high, and the Authority has sought to deliver *both* its core functions and unfunded Ministerial priorities which must progress in the short-term to enable benefits realisation in the long-term (including the *enactment of the Civil Aviation Bill*, *ICAO audits* and the *funding review*).
- 4 However, the Authority has been unable to recruit the capability and capacity required to deliver both its core functions and Ministerial priorities in a timely and efficient manner. This is due to:
  - the Authority's reliance on the *Protection of Transport Sector Agency Core Functions* liquidity facility appropriation which constrains staffing to pre-COVID staffing levels
  - s 9(2)(f)(iv) [REDACTED]
  - delays confirming the Authority's 2022/23 expenditure budget (see **paragraphs 7 - 9**)
  - the depletion of the Authority's working capital reserves - at the request of Te Manatū Waka - so that the liquidity facility appropriation could be accessed. Pre-COVID, the Authority could have used its reserves to finance urgent resourcing requirements.
- 5 These resourcing constraints have been exacerbated by vacancies across the Authority. s 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- 6 s 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

*It is possible that one of the barriers to recruitment will be lifted in the short-term*

7 The confirmation of the Authority's 2022/23 expenditure budget is subject to Cabinet Economic Development Committee (DEV) and Cabinet approval in early December 2022. DEV and Cabinet will be asked to agree that:

- the Authority is able to fund seven (previously unsupported) initiatives from its revenue in 2022/23, by granting a \$8.65 million exemption to a Budget 2022 financial recommendation (OC221023 refers)
- Budget 2023 funding will not be pre-committed for the seven initiatives.

8 Should Cabinet agree to the proposal, the Authority will be able to use up to \$8.65 million of its revenue to fund the seven initiatives in 2022/23 from mid-December 2022. s 9(2)(f)(iv)

9 Once the status of the Authority's 2022/23 expenditure budget is determined, officials will engage with the Authority on options to s 9(2)(f)(iv) before the funding and fees review is completed. This approach was previously approved by the Minister of Transport (OC220210 refers), and could give the Authority options to address s 9(2)(g)(i) (subject to Minister and Cabinet approval).

#### Recommended points of discussion

10 s 9(2)(f)(iv), s 9(2)(g)(i)

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13 Talking points to enable this discussion are provided for your consideration at **Annex One**.

### Item three: The Air Navigation System Review

- 14 The Air Navigation System Review Panel (the Panel) briefed Te Manatū Waka officials on the direction of the Phase 1 report. It highlighted that the system is safe, but it is not fit for a future that will be much more dynamic and complex.
- 15 The Panel has advised Te Manatū Waka that in its view, system-wide leadership and stewardship will be crucial to making the transformational changes required, but that capability is currently absent. It sees this manifesting as a lack of cohesion across agencies, and no current statement of policy direction and strategic vision for the air navigation system and aviation more broadly.
- 16 The Panel sees significant opportunities for the air navigation system to continue to enable growth in aviation's contribution to the economy:
- Tourism and low volume, high value exports continue to need aviation links enabled by the system
  - There are also opportunities for New Zealand to benefit from new capabilities both from investment in this country as an incubator for programmes like Kea and Dawn Aerospace
  - Advanced air mobility, remote and autonomous aircraft offer obvious advantages for safety
  - Sustainable Aviation Fuels and electric engines can contribute to decarbonisation. At the same time, the air navigation system needs to continue to provide for conventional aviation, putting pressure on the regulator.
- 17 The Panel's view is that the current settings do not provide sufficient policy direction or tools to manage the increasing system complexity, nor a clear picture of the desired outcomes and measures to track progress.
- 18 New Zealand has a good reputation on the international stage; however, we are at risk of falling behind in terms of maintaining a fit-for-purpose system that can maximise benefits and minimise risks from advances in aviation. There's significant potential to learn from policy agencies, Air Navigation Service Providers, and regulators in comparable states as they face the same challenges of complexity and transformation.
- 19 Te Manatū Waka generally agrees with the Panel's characterisation of the current state. The system is at a natural point of inflexion and the future will require a different, more expansive and strategic way of thinking by all key agencies, Airways and the Treasury included. We also agree with the Panel's assertion that this is an urgent issue and the challenges to the system will be more pressing over time, particularly for the Authority. We are also mindful of the pressure that system agencies are under.
- 20 The Panel will formally brief Te Manatū Waka on phase 1 report findings on 22 November 2022. We will provide additional advice post that meeting if required.



**Annex One: Suggested talking points**

**Item one: The current operating landscape and issues**

**Item two: An update on the Authority's expenditure for 2022/23**

Operational context / resourcing constraints

s 9(2)(f)(iv)

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<p><b>Items one and two (continued)</b></p>	<p><u>Pressures raised by the Authority</u></p> <p><b>Queues at airports</b> during the summer period are of concern to the Authority from a reputational and safety perspective. We suggest you seek assurance about the communications approach that is being taken to advise passengers about lengthy queue times in advance of the summer break.</p> <p>You may wish to reiterate that while Crown funding is within the scope of the <b>funding review's</b> Terms of Reference, the Authority should seek to implement a sustainable new funding model at minimal cost to the Crown.</p> <p>The Authority recently received \$3.7m from MBIE to progress its <b>emerging technology</b> activities. You may like to seek an update on recruitment and progress in this area.</p>
<p><b>Item three: The Air Navigation System Review</b></p>	<p>No talking points are provided for this item.</p>

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**Annex Two: Te Manatū Waka commentary on two pressures identified by the Authority**

Issue and risk	The Authority's meeting advice	Te Manatū Waka commentary
Air Navigation Review	<p>The review could lead to significant changes to the way in which air navigation services are provided, and significant consequential impacts on regulatory decision making and oversight, including the adoption of new technologies.</p>	<p>We note that any impacts of this kind would depend on acceptance of the final report recommendations (due April 2023). The actual impact on the Authority and the system could be positive if the review results in system settings that create a more functional environment.</p>
	<p>The aviation industry may need to adapt to new service provision models (e.g., remote air navigation service provision, advances on satellite-based navigation systems, segregation of air space for more efficient utilisation).</p>	<p>These changes will happen independently of the review. The industry will need to (and is already having to) adapt to them regardless.</p> <p>The review will not make technical or operational recommendations of the kind described in the Authority's advice, although it could create an environment that changes the way those decisions are made.</p>
Funding review	<p>The review is a significant task for both the Authority and the Ministry, whose teams supporting the review are under significant pressure.</p> <p>s 9(2)(f)(iv)</p>	<p>Te Manatū Waka acknowledges the work undertaken by the Authority to meet Ministers' expectations to deliver the funding review by 1 July 2024.</p>



Document 22

17 November 2022

OC220905 / T2022/2532 / HUD2022-001250

**Hon Grant Robertson**  
**Minister of Finance**

**Action required by:**  
 Tuesday, 22 November 2022

**Hon Dr Megan Woods**  
**Minister of Housing**

**Hon Michael Wood**  
**Minister of Transport**

## AUCKLAND LIGHT RAIL LIMITED - INTERVIEW SUMMARIES AND APPOINTMENTS ADVICE

### Purpose

Provides you with the following advice in respect of the Auckland Light Rail (ALR) Limited Board:

- Appointment recommendations following the interviews for a candidate with light rail experience (paragraphs 1-9).
- Advice concerning the s 9(2)(a) (paragraphs 11-15) and the s 9(2)(f)(iv) (paragraphs 16-30).
- A recommendation for the new fees for the ALR Limited Board (paragraphs 31-46).

### Key points

#### *Interviews for the light rail member position*

- Three candidates (Shane Ellison, s 9(2)(a)) have been interviewed for member positions on the ALR Limited Board, following your direction received from the second longlisting briefing (OC220602 refers). The remaining candidates identified in OC220602 withdrew from the process, either because of capacity or an expected unmanageable conflict of interest arising.
- After assessing the candidates, we (the Ministry of Transport, the Treasury, and Ministry for Housing and Urban Development) – in consultation with the Chair of the ALR Limited Board – recommend you agree to appoint **Shane Ellison** because of his experiences across a range of light rail projects, and in delivering transport projects in

Page 1 of 32



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

*Board Fees*

- As the ALR Limited Board is now governing a company under Schedule 2 of the Crown Entities Act 2004, board fees will need to transition from the Cabinet Fees Framework to the Treasury's Crown Company Methodology.
- Officials' assessment against the methodology results in a score of 283. Based on market data minus a 10% public sector discount at early 2019, this arrives at a fee of \$41,220 in ordinary fees for directors and \$82,440 for the Chair. We also recommend you agree to special purpose fees which factor in additional work requirements for detailed planning and company establishment, as well as any additional travel days required by Australian based directors. We recommend you agree to remunerate the ALR Limited Board at this rate, plus a pool of professional development fees that reflects the different levels of governance experience present right now.
- We consider that this assessment appropriately reflects the current scope of ALR Limited, rather than the potential scope of the company once a final investment decision is made.
- Should this option not be appropriate, officials recommend you approve a fee of \$35,700 per annum for directors at \$71,400 for the Chair. This fee is the same figure as the Waka Kotahi Board and transfers the existing daily exception into a per-annum rate. Our recommendations regarding special fees and professional development support would be the same.
- Once your decision has been made, we will include this in the Cabinet Appointments and Honours Committee (APH) paper. If no appointments are agreed to this year, we can prepare an APH paper which only seeks agreement to the fees.

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**Recommendations**

We recommend you:

	Minister of Transport	Minister of Finance	Minister of Housing
1 <b>agree</b> to appoint the following individuals to the Auckland Light Rail (ALR) Limited Board			
Shane Ellison ( <i>recommended</i> )	Yes / No	Yes / No	Yes / No
s 9(2)(a)	Yes / No	Yes / No	Yes / No
s 9(2)(a)	Yes / No	Yes / No	Yes / No
2 s 9(2)(a)			
3 s 9(2)(a)	Yes / No	Yes / No	Yes / No
4 s 9(2)(f)(iv)			
5 s 9(2)(f)(iv)	Yes / No	Yes / No	Yes / No
6 s 9(2)(f)(iv)			
7 <b>agree</b> to the following fee allocation for the ALR Limited Board until the end of the detailed planning phase			
a) a total pool of \$370,980 in ordinary fees, which assumes a fee of \$82,440 for the Chair and \$41,220 for each of the seven members, based on private sector benchmarking less a 10 percent public sector discount	Yes / No	Yes / No	Yes / No
b) a special fee loading of 50 percent of the ordinary fee for the Chair and directors until 30 June 2024, which recognises the additional work required during the detailed planning phase. This creates an additional pool of \$185,490 per annum	Yes / No	Yes / No	Yes / No
c) an in-principle additional special fee for Australian-based directors that is calculated on a per day basis, which compensates for the extra travel days required. The per day	Yes / No	Yes / No	Yes / No

	Minister of Transport	Minister of Finance	Minister of Housing
fee would not exceed the daily ordinary fee for directors but would include any special fee loading.			
d) a total pool of \$42,000 per annum in professional development support for directors	Yes / No	Yes / No	Yes / No
<i>If you do not agree with the recommended fee allocations</i>			
8 <b>indicate</b> your preferred fee allocation:			
<i>If no further appointments are to be made in 2022</i>			
9 <b>confirm</b> whether you would like officials to prepare a separate paper for Cabinet's Appointment and Honours Committee which seeks approval of the fees for the ALR Limited Board.	Yes / No	Yes / No	Yes / No
10 <b>advise</b> whether there are any alternative actions you would like officials to take:	Yes / No	Yes / No	Yes / No



Gareth Fairweather  
**Director, Auckland Light Rail, Ministry of Transport**

..... / ..... / .....

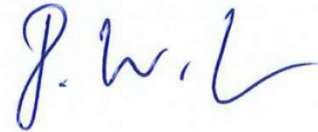


Natasha Tod  
**Partnership Director, Ministry of Housing and Urban Development**

..... / ..... / .....

Hon Grant Robertson  
**Minister of Finance**

..... / ..... / .....



David Taylor  
**Manager, National Infrastructure Unit, the Treasury**

..... / ..... / .....

Hon Michael Wood  
**Minister of Transport**

..... / ..... / .....

Hon Dr Megan Woods  
**Minister of Housing**

..... / ..... / .....



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

**Comments**

**Contacts**

Name	Telephone	First contact
Gareth Fairweather, Director, Auckland Light Rail, Ministry of Transport	s 9(2)(a)	
Chris Gulik, Associate Director, Auckland Light Rail, Ministry of Transport		
Ben Wells, Principal Adviser, the Treasury		
Natasha Tod, Partnership Director, Ministry of Housing and Urban Development		
Jono Reid, Principal Adviser, Governance, Ministry of Transport		✓

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## AUCKLAND LIGHT RAIL LIMITED- INTERVIEW SUMMARIES AND APPOINTMENTS ADVICE

### Three interviews have been held for the light rail member position on the Auckland Light Rail Limited Board

- 1 In OC220602, you agreed for seven candidates with experience relating to light rail to be interviewed for a member position on the ALR Limited Board. These individuals offered a range of experiences encompassing:
  - 1.1 the delivery of light rail and associate services to end users; and/or
  - 1.2 oversight of light rail entities or operations at a board level; and/or
  - 1.3 technical expertise at either the business case development, tender, construction, or operations phases (including managing assets for a private firm during the concession period after a public-private partnership construction).
- 2 Of the identified individuals, four candidates (s 9(2)(a) ) subsequently withdrew from the process, either due to a potentially unmanageable conflict of interest or capacity. This left three candidates for interview: s 9(2)(a) and Shane Ellison.
- 3 A cross-agency panel (the Panel) with membership across the three Sponsor agencies (the Ministry of Transport, the Treasury, and the Ministry of Housing and Urban Development) as well as the ALR Board Chair has interviewed these three candidates. The Panel tested a broad range of competencies, including their involvement in light rail projects to date, experience in linking urban regeneration to light rail projects, and how they have engaged with Government, treaty partners, stakeholders and communities as part of delivery.

#### *Factors considered as part of our appointment advice*

- 4 In recommending candidates for appointment, the Panel has kept the following considerations in mind:
  - 4.1 The Board needs to have a combination of governance expertise and political acumen to navigate the various interests in the Project. Practical experience and leadership for the Project is also required based on experience. Gender balance and ethnic diversity are also important.
  - 4.2 It is a working board. The Chair expects members to be heavily involved in overseeing the operations of the company. Because of this, the weighting of final candidates includes people with deep experience as advisors, as they will be able to interrogate decisions.
  - 4.3 The Board will be public-facing and appointees will have to navigate a challenging, high paced and dynamic environment, with high public interest.
  - 4.4 The ability to effectively manage conflicts of interest.

- 4.5 a preference for an individual whose light rail experiences included a strong customer focus. This is considered to be the most important attribute to have on the Board in this early phase of the project, to ensure the planning of the project considers the end user.
- 5 After assessing the candidates, we – in consultation with the Chair – recommend you agree to appoint **Shane Ellison** because of his experiences across a range of light rail projects, and in delivering transport projects in Auckland.
- 6 We understand that discussions are ongoing regarding Mr Ellison’s potential appointment. Should Mr Ellison not be appointed, we recommend you agree to progress s 9(2)(a) [REDACTED]  
[REDACTED]  
[REDACTED]
- 7 Please note that s 9(2)(a) [REDACTED] is based in Adelaide, and there would be added travel and accommodation costs associated with [REDACTED] appointment. The recent reopening of the borders has limited international flight routes, and there are only four days of the week which have direct flights between Auckland and Adelaide (direct flights are often cheaper). Assuming direct flights and two nights’ accommodation per trip, this appointment would cost up to \$2,000 per meeting in addition to board fees and meal expenses.
- 8 With appropriate planning and notice of meetings, officials expect that the costs for s 9(2)(a) [REDACTED] appointment can be met from existing budget baselines. The initial estimate for Board fees was included within the \$189 million appropriation provided to ALR Limited, and any costs associated with this appointment will have to come from within that budget. The cost is also offset by the fact that the Chair is currently the only other Board member based outside of Auckland, and initial budgeting included an assumption that up to half the Board would be based outside of Auckland. The initial budget for the ALR Limited Board was also submitted before the fee exception was finalised and had assumed a higher fee.
- 9 Should you require any further information about the interviews, full summaries of all interviews are listed in **Appendix One**. **Appendix Two** shows how these appointments map to the ALR Limited Board competency matrix.

**Advice on continuing the appointments of s 9(2)(a) [REDACTED] and s 9(2)(f)(iv) [REDACTED]**

- 10 You had previously signalled an intention to progress s 9(2)(a) [REDACTED] and s 9(2)(f)(iv) [REDACTED] for appointment (OC220708 refers). However, both appointments have not progressed, as the due diligence processes for both have identified matters which merited further consideration.

s 9(2)(a) [REDACTED]

- 11 s 9(2)(a) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

s 9(2)(a)

12

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<sup>1</sup> s 9(2)(a)

15 s 9(2)(a) [Redacted]  
[Redacted]  
[Redacted]

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

16 s 9(2)(f)(iv) [Redacted]  
17 [Redacted]  
18 [Redacted]  
19 [Redacted]  
20 [Redacted]  
21 [Redacted]  
22 [Redacted]  
23 [Redacted]

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

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

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

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

s 9(2)(f)(iv)

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s 9(2)(f)(iv)

**ALR Board Fees**

- 32 As the ALR Board is now governing a company under Schedule 2 of the Crown Entities Act 2004, board fees will need to be transitioned from the Cabinet Fees Framework to the Treasury’s Crown Company Methodology. This requires a fee review as both frameworks employ different assessment methodologies.
- 33 The Crown Company Methodology uses a points model, where scores against nine criteria are assessed against a multiplier to create a total point figure. That point figure is assessed against private sector benchmarking, reduced by a 10 percent “public discount.”
- 34 Officials’ assessment against the model is listed in full at **Appendix Four** and a summary is presented in the below table. Our assessment against the points model resulted in a score of 283. Based on data from early 2019, this arrives at a fee of \$41,220 in ordinary fees for directors and \$82,440 for the Chair.

Category	Chair	Members
Ordinary Fees	\$82,440 per annum.	<ul style="list-style-type: none"> <li>• \$41,220 per annum per directors.</li> <li>• <b>TOTAL:</b> \$288,540 per annum for seven directors.</li> </ul>
Special Fees	50 percent loading until 30 June 2024, which recognises the additional work required for company establishment, and project planning.  <b>TOTAL:</b> \$41,220 per annum.	<ul style="list-style-type: none"> <li>• 50 percent loading until 30 June 2024, which recognises the additional work required for company establishment, and project planning.</li> <li>• <b>TOTAL:</b> \$144,270 per annum for seven directors.</li> <li>• <i>in-principle</i>, an additional special fee for Australian-based directors that is calculated on a per day basis (\$1,374 per day - \$2,061 per day with the 50 percent loading), which compensates for the extra travel days required.</li> </ul>



<p><b>TOTAL ALLOCATION</b></p>	<ul style="list-style-type: none"> <li>• Ordinary Fees (Chair and seven members): \$370,980 per annum.</li> <li>• Special Fees (Chair and seven members): \$185,490 per annum.</li> </ul> <p><b>TOTAL:</b> \$556,470 per annum, excluding any additional special fees for Australian based directors.</p> <p>We recommend Ministers agree to also allocate \$42,000 in professional development support across all directors until 30 June 2024.</p>
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35 For this assessment, officials recommend that the ordinary fee appropriately reflects the current scope of ALR Limited, rather than the potential scope of the company once a final investment decision is made.

*We also recommend you agree to additional special purpose fees that compensate for additional work requirements*

36 The Crown Company Fees Methodology allows for special purpose fees to be sought where companies have a greater than ordinary workload. Special purpose fees, if requested by a company, are subject to approval by the responsible Minister and Cabinet.

37 Special purpose fees are considered in exceptional circumstances and for a limited period only, where directors are required to contribute additional time over and above what would be considered an ordinary commitment. Exceptional circumstances could be where:

37.1 significant director involvement is required in a specific and time-limited major issue, such as establishing or restructuring a company, a major acquisition, or where changes in legislation lead to significant change

37.2 directors represent the company on relevant industry committees or boards, where the commitment is significant, or

37.3 additional contributions are made by directors relating to lengthy travel requirements (where the director's presence is essential, and the circumstances are exceptional).

38 Requests for special purpose fees include a per diem rate and the total amount to be paid based on equivalent director fee levels. Special purpose fees must only be used for the purpose for which they were approved.

39 Given the higher workload expectations of the ALR Board, we consider that there is a strong case for additional fees to be paid during the detailed planning and establishment phase. We propose a 50 percent loading of the ordinary fee for the Chair and each of the seven directors (\$41,220 per annum for the Chair at \$20,610 per director), which is consistent with previous special fee decisions for City Rail Link Limited, Ōtākaro Limited and Kiwi Group Capital, where a 50 percent loading of the ordinary fee existed for the first 12 months of the company. This amount is proposed as a total pool of \$185,490, which is available to cover this additional workload for the period up to 30 June 2024.

- 40 For Australia-based directors, Treasury have previously secured approval for special fees which recognises the additional time commitments for travelling to board meetings. Their previous request sought agreement for a pro-rated daily fee (based on the 30-working day assumption listed in paragraph 38 of the Cabinet Fees Framework) which covered half of the annual board meetings. The rest of the meetings were expected to be attended via video conference.
- 41 We are not aware of any cases where directors residing overseas have been allocated a higher fee by Shareholding Ministers in comparison to their New Zealand-based colleagues; however, the final decision on allocating the pool of approved fees remains at the Board's discretion.
- 42 We would recommend a similar special fee for travel to meetings is agreed to in principle should an Australia-based director be appointed. Any final figure would also have to reflect the work requirements expected of ALR Limited Board directors, given the expectations that directors will have a high level of involvement in the project compared to a standard board.

*We recommend the fee is benchmarked against private sector rates, less a 10 percent public sector discount*

- 43 Officials also recommend that the fee is benchmarked against private sector figures, as this recommendation would be in line with Treasury's 2019 briefing regarding proposals for fee changes across boards considered under the Company Fees methodology, and we understand the Treasury intends to revise this proposal in due course (T2020-1917 and T2020-2665 refers). The private sector calculation also allows for a precise figure to be reached based on the scoring methodology.
- 44 Should you not wish to approve a fee based on private sector benchmarking less a 10 percent public sector discount, officials recommend you approve a fee of \$35,700 per annum for members and \$71,400 for the Chair. This fee is the same figure as the Waka Kotahi Board and transfers the existing daily exception into a per-annum rate. Our recommendations regarding special fees and professional development support would be the same.
- 45 Shareholding Ministers approve directors' fees on an annual basis. Given we are part-way through the 2022/23 financial year, we recommend that you approve the allocation for remainder of the 2022/23 financial year (timing dependent on whether Cabinet decision making is required) and the 2023/24 allocation with one letter.

*We also recommend you provide a professional development allowance*

- 46 We also recommend you agree to a pool of professional development fees of \$42,000 for members per annum until 30 June 2024. The design of the ALR Limited Board has resulted in appointees with greater experience as advisors than as professional directors and, as such, a higher upfront investment will be required to upskill those individuals. The proposed professional development fees recognise this, and we expect that future allocations will be lower.

- 47 The agreed fees base will also be included in either the next paper for Cabinet's Appointment and Honours Committee, or a separate paper for consideration this year if no further appointments are made in 2022.

**Risks**

- 48 It is important to the success of the ALR Project that these appointment decisions are made as soon as practicable, as the Board will soon make significant decisions on the business case and consenting.
- 49 The proposals listed in this briefing are likely to result in key board competencies not being filled. Officials will work to address any competency gaps which arise from this briefing.

**APPENDIX ONE: INTERVIEW SUMMARIES**

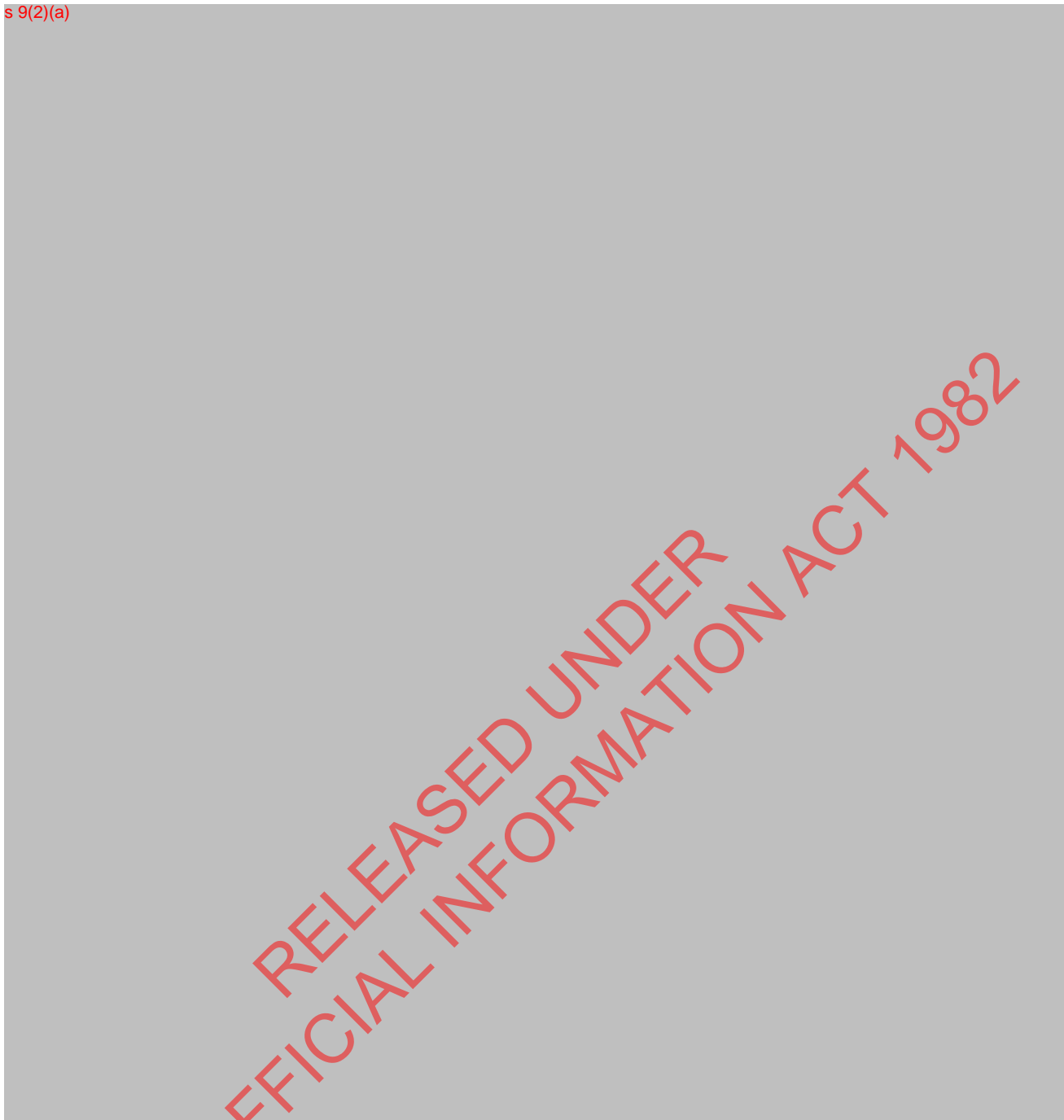
*Shane Ellison*

- 1 Mr Ellison is a highly experienced executive and board director who, in addition to being the former Chief Executive of Auckland Transport, has held a range of light-rail related experiences across Australia, France, Ireland and Israel through his work at Transdev.
- 2 During the interview, Mr Ellison demonstrated a deep understanding of the ALR Project and the challenges which will be presented through detailed planning, operationalisation of light rail services, and other phases. Through his previous role at Transdev, he has worked on various phases of light rail projects across projects that have experienced varying degrees of success, and would be able to utilise those lessons for this project. He is also experienced with planning and delivering urban regeneration outcomes through light rail.
- 3 Mr Ellison's previous experiences as Chief Executive of Auckland Transport ensures he has a strong understanding of the wider Auckland environment, including the interfaces with other Project Sponsors, and the various communities served along the route. He also has established working relationships. In comparison to other candidates interviewed, he possessed the smallest learning curve and would be able to take on responsibilities very quickly.
- 4 The Panel was highly impressed with Mr Ellison and considered he would be very suitable for appointment. He offered a broader range of skills in comparison to other candidates and has the greatest understanding of working in New Zealand and the Auckland environment. s 9(2)(g)(i)

s 9(2)(a)

- 5 s 9(2)(a)

s 9(2)(a)



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**APPENDIX TWO: AUCKLAND LIGHT RAIL BOARD COMPETENCY MATRIX**

**Key:**

✓	Understanding/experience	✓✓	Strength in this area	Q	Qualification	#	Number of directors possessing this desired competency
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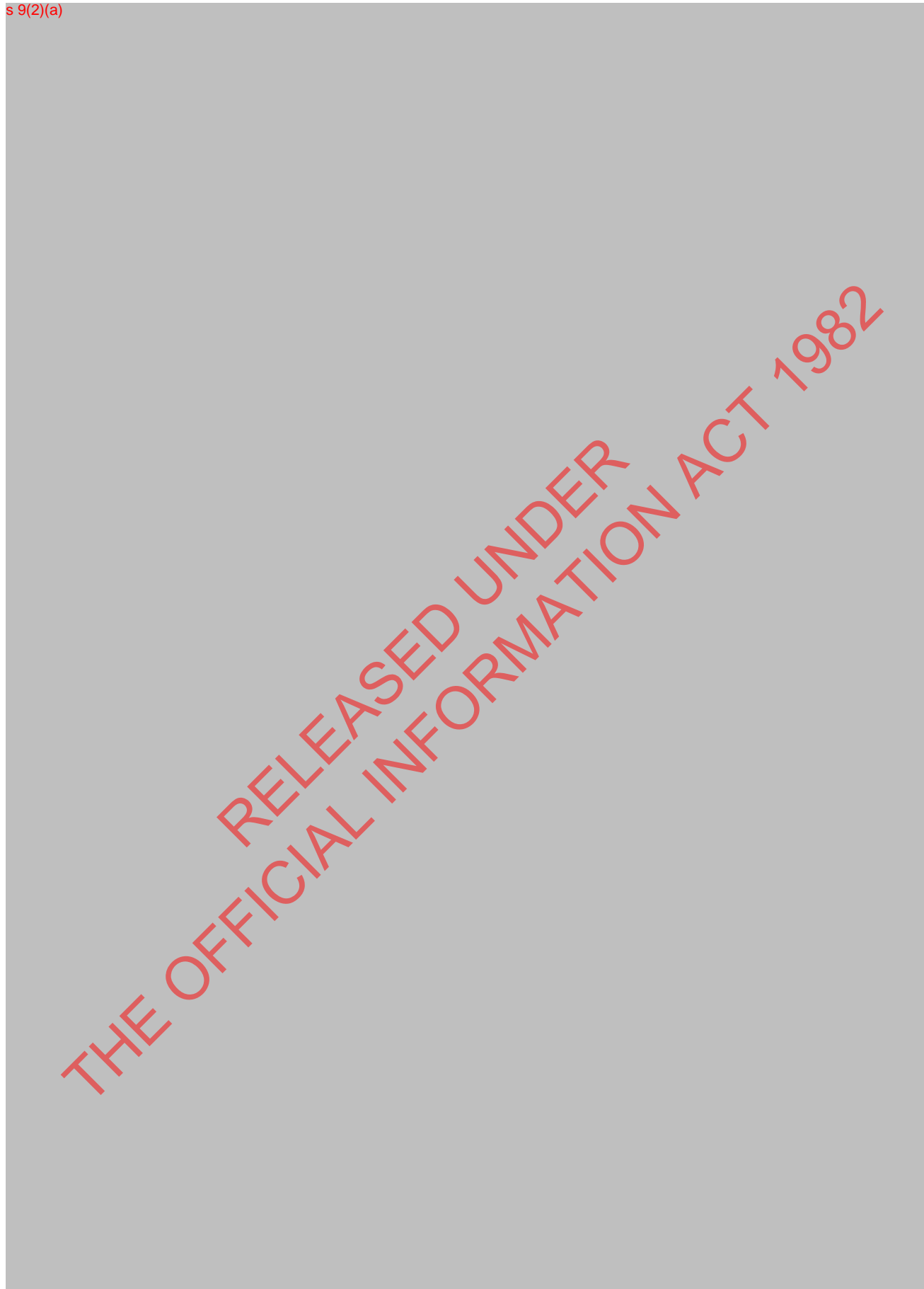
**Note:** Columns highlighted grey are previously recommended candidates where a decision has not been confirmed. Columns highlighted green are the two proposed light rail candidates.

Member	Targets	Hon Dame Fran Wilde (Chair)	Leigh Auton	Lucy Tukua	Leo Foliaki	Heather Ash	Shane Ellison
<b>Age</b>		60+	60+	50-59	Unclear	Unclear	50-59
<b>Region</b>		Wellington	Auckland	Auckland	Auckland	Auckland	Auckland
<b>Ethnicity</b>		NZ European	NZ European NZ Māori (Te Hikutu, Ngāpuhi)	NZ Māori (Ngāti Paoa, Ngāti Whanaunga, Ngāti Karewa, Ngāti Tahinga)	Tongan	NZ European	NZ European NZ Māori (Ngāi Tahu, Te Atiawa)
<b>Gender diversity</b>	50%	Female	Male	Female	Male	Female	Male
<i>Core skills and competencies</i>	# ✓✓	# ✓					
<b>governance:</b> significant governance experience (preferably in both the public and private sectors) and will be able to ask the right questions of management, distinguish between governance and management, and understand and perform governance functions	3	3					
<b>strategy and culture:</b> contributes to and drives strategy formulation, direction, implementation and communication	2	3					
<b>te ao Māori:</b> understanding of and respect for the impacts the Treaty of Waitangi has in delivery of key Government priorities and places value on and knows how to incorporate te ao Māori into project design, delivery and decision making	1	3					
<b>legal:</b> understanding of legal frameworks in which a director and the organisation has to operate within	1	5					
<i>Technical skills and competencies</i>	# ✓✓	# ✓					
<b>major infrastructure business case development:</b> experience in delivery or oversight of large business cases, alongside an understanding of Treasury business case and gateway review procedures	1 or 2	1					
<b>major infrastructure project oversight, planning, design, delivery and operating:</b> experience in planning, designing, setting up, overseeing, delivering and/or operating major infrastructure projects, particularly those that require new or innovative ways of working. The successful candidate must be able to demonstrate knowledge of the lifecycles of large infrastructure assets, and their ability to respond to population needs over time; as well as low-emissions construction methodologies	1 or 2	1					
<b>Integrated urban development and transport planning:</b> an understanding of how public transport (including mass transit) systems link with the wider urban environment. This includes enabling housing and urban development, unlocking commercial opportunities and better connecting communities	1	1 or 2					
<b>urban design, land use, infrastructure planning:</b> understanding of the value of taking an integrated approach to transport investment, land use change and urban development outcomes. This includes an appreciation of the contribution that increased density, transit-oriented development, high quality urban design and placemaking can make alongside infrastructure investment to social, economic and environmental wellbeing as well as to community cohesion	1	1 or 2					
<b>finance, investment and financial assurance:</b> understanding and experience with public funding mechanisms for large projects, investment funding models, and benefits realisation. Proven audit, risk and assurance experience	2	1					

Member	Targets		Hon Dame Fran Wilde (Chair)	Leigh Auton	Lucy Tukua	Leo Foliaki	Heather Ash	s 9(2)(f)(iv)	s 9(2)(a)	Shane Ellison	s 9(2)(a)
<b>large scale procurement:</b> experience with negotiating and/or procuring large scale contracts	1	1	s 9(2)(g)(i)								
<b>consenting and acquisition:</b> deep experience in overseeing consenting processes and land acquisition strategies. A strong understanding of the Resource Management Act 1991, and other legislative levers for enabling urban development and delivering infrastructure projects at scale	1										
<b>commercial acumen:</b> a working knowledge of business operations, and the factors that determine the performance of the company including people, finances, processes, and strategy	4	3									
<b>emissions reduction:</b> knowledge of the system changes that will be necessary for New Zealand to meet its 2050 zero carbon target, including through the transport and/or housing systems, low-emissions construction methodologies, mode shift from private vehicles to other modes, and harnessing of emerging climate-related technologies.		1									
<i>Policy and community related competencies</i>	# ✓✓	# ✓									
<b>public sector (local and central government) expertise:</b> a working knowledge of central and local government operations and processes, with political acumen, and a demonstrated history of working to deliver government priorities	2	1									
<b>stakeholder expertise:</b> experience engaging with a range of stakeholders, networking, and managing a multitude of relationships in and out of the sector. This includes co-directors, management, employees, key individuals, and Māori	3										
<b>community leadership:</b> deep experience in working with local communities, particularly those within the City Centre to Māngere urban corridor. An understanding of the various socioeconomic and behavioural effects is desirable.	1										

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s 9(2)(a)



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s 9(2)(a)



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## APPENDIX FOUR: AUCKLAND LIGHT RAIL LIMITED - FEE CALCULATION AND WORKINGS

- 1 This section outlines the process for calculating Board fees for Auckland Light Rail Limited, as a Schedule 2 Crown Entity Company covered by the Treasury Crown Company Fees Methodology.

### *Treasury Owner's Expectations Manual: Guidance on Fees<sup>2</sup>*

- 2 For Schedule 2 companies, fees are calculated in accordance with the existing framework set out in the Crown Company Fees Methodology (the Methodology) approved by Cabinet in 2003. This is separate from the Cabinet Fees Framework, which is administered by the Public Service Commission and does not cover Crown companies.
- 3 For companies, directors receive fees from a lump sum approved by responsible Ministers each financial year. Responsible Ministers can also approve a lump sum of professional development fees per annum.
- 4 Fees consist of:
- 4.1 ordinary fees to cover the full 'normal' contribution of each director, including attendance at board and committee meetings, meeting preparation and travel time, stakeholder management, and any other agreed tasks, and
  - 4.2 special purpose fees, if requested by a company and approved by the responsible Ministers.
- 5 **Ordinary fees** are calculated based on a methodology approved by Cabinet based on a number of factors, including company size, stakeholder management, liability risk and complexity in relation to equivalent non-Crown companies. The fees are reviewed periodically, and changes are subject to Ministerial approval. A fees pool is calculated for ordinary fees based on an annual rate per director, twice that rate for chairs, and 1.25 for deputy chairs, based on the actual or expected number of directors. There are no additional fees included in the pool for board committee meetings. Ordinary fees cover the full expected duties of a director. It is up to each board to decide how to allocate the total pool among directors as it sees fit.
- 6 **Special purpose fees** are rare and considered in exceptional circumstances and for a limited period only where directors are required to contribute additional time over and above what would be considered an ordinary commitment. Exceptional circumstances could be where:
- 6.1 significant director involvement is required in a specific and time-limited major issue, such as establishing or restructuring a company, a major acquisition, or where changes in legislation lead to significant change

<sup>2</sup> <https://www.treasury.govt.nz/sites/default/files/2020-07/owners-expectations-july2020.pdf>. Guidance on Director's fees are listed in Appendix Three.

- 6.2 directors represent the company on relevant industry committees or boards, where the commitment is significant, and
  - 6.3 additional contributions are made by directors relating to lengthy travel requirements (although Crown companies should not normally pay additional, special purpose fees to a director who travels on Crown company business unless the director's presence is essential and the circumstances are exceptional).
- 7 Special purpose fees are not paid just because of a heavy workload. Having to commit time to handle a heavy workload is already reflected in the level of ordinary fees set for a company. Requests for special purpose fees should be made in advance and take the form of a proposed hourly or per diem rate and the total amount to be paid. The hourly or daily rate should be based on equivalent director fee levels. Special purpose fees, if approved, may be used only for the purpose for which they were approved.

*Calculation of the ALR Limited Board Fee*

- 8 To help calculate the fee, Treasury provided a copy of 2019 Director Fee data prepared by Strategic Pay. This document assessed boards monitored by Treasury to support recommendations on fee adjustments.
- 9 The methodology uses a points model, where scores against nine criteria are assessed against a multiplier to create a total point figure (listed and defined in the table below). That point figure is assessed against private sector benchmarking, minus a 10 percent "public service" discount.
- 10 Scoring against this model is listed below in **Annex One**. This score is used to determine a recommendation for *ordinary fees*. Our assessment against the points model resulted in a score of 283.
- 11 The below table identifies where the score for ALR Limited sits along the wider spectrum of Treasury boards. An indicative recommendation for ordinary fees has been included, with an additional \$215 included per point.<sup>3</sup>

Organisation	Total Points	Current Fees	Private Sector Fees	Private Sector, less 10%
Crown Infrastructure Partners	309	\$31,582	\$52,419	\$47,177
Government Superannuation Fund Authority	308	\$30,800	\$52,147	\$46,932
Plant & Food Research	300	\$36,000	\$50,023	\$45,021
Ōtakaro	295	\$35,000	\$48,740	\$43,866
Landcorp Farming Limited	293	\$37,612	\$48,235	\$43,412

<sup>3</sup> **Note:** The model is logarithmic so the dollar per point figure will increase for entities that score higher on the methodology.

Organisation	Total Points	Current Fees	Private Sector Fees	Private Sector, less 10%
New Zealand Lotteries Commission	289	\$29,000	\$47,243	\$42,519
Public Trust Limited	287	\$28,000	\$46,754	\$42,079
<b>Auckland Light Rail Limited</b>	<b>283</b>	<b>\$35,700 (Cabinet Fees Framework exception)</b>	<b>\$45,342</b>	<b>\$41,220</b>
Kordia Group Limited	280	\$36,000	\$45,084	\$40,575

### Other factors considered

*Ordinary fees are benchmarked against the current design of ALR Limited*

- 12 We considered the stage of the company where the determination should be made against, as the previous fee recommendation considered the enduring nature of the ALR Limited Board. This principle remains with the recommendation being that the Board is resourced to do its current functions.
- 13 As such, we recommend that the ordinary fee appropriately reflects the current scope of ALR Limited. The scope of ALR Limited is intended to be revised once the detailed planning phase is completed and, therefore, we recommend the ordinary fees are reviewed at the same time to ensure any changes to the entity are appropriately reflected through board remuneration. Shareholding Ministers consider the ordinary fee allocation annually as part of determining the total fee allocation for a financial year.

### *Special Fees – all Directors*

- 14 Given the higher workload expectations of the ALR Board, we consider that there is a strong case for additional fees to be paid during the detailed planning and establishment phase. We propose a 50 percent loading of the ordinary fee for the Chair and each of the seven directors (\$41,220 per annum for the Chair at \$20,610 per director), which is consistent with previous special fee decisions for City Rail Link Limited, Ōtākaro Limited and Kiwi Group Capital where a 50 percent loading of the ordinary fee existed for the first 12 months of the company (OC180519 refers). This amount is proposed as a total pool of \$185,490, which is available to cover this additional workload for the period up to 30 June 2024.
- 15 Excepted workload is calculated in the same fashion as the Cabinet Fees Framework, where fees assume that members will work 30 days per year, and the Chair works 50 days per year. With a 50 percent loading, the special fee calculation will assume members will work 45 days per year and the Chair will work 75 days per year.
- 16 We have not included a recommendation for a 10 percent uplift of any ordinary member fee, should they be asked to chair a Board subcommittee. This is allowed for under the Cabinet Fees Framework but is not currently part of the Crown Company Fees Methodology.

*Overseas Director Special Fees*

- 17 For Australia-based directors, Treasury has previously secured approval for special fees to recognise the additional time commitments for travelling to board meetings. Their previous request sought agreement for a pro-rated daily fee (based on the 30-working day assumption listed in paragraph 38 of the Cabinet Fees Framework) that covered half of the annual board meetings. The rest of the meetings were expected to be attended via video conference.
- 18 We are not aware of any cases where directors residing overseas have been allocated a higher fee by Shareholding Ministers in comparison to their New Zealand-based colleagues; however, the final decision on allocating the pool of approved fees remains at the Board's discretion.
- 19 We would recommend a similar special fee for travel to meetings is agreed to in principle should an Australia-based director be appointed. Any final figure would also have to reflect the particular work requirements expected from ALR directors, given the expectations that directors will have a high level of involvement in the project compared to a standard board.

*Professional Development Fees*

- 20 The Owner's Expectations Manual states that the amount the board seeks for professional development is for the board to determine and propose to the Minister. There is no set formula for boards to use in calculating professional development budgets because each board's needs will be different.
- 21 In the past, Treasury has recommended that Crown companies seek between \$2,000 and \$4,000 for director professional development fee allowances. Higher fees are often given for members newer to governance.
- 22 We recommend Ministers consider approving professional development support of \$3,000 per annum for experienced directors, as this is the average requested amount.
- 23 The design of the ALR Limited Board has resulted in appointees with greater experience as advisors than as professional directors and, as such, a higher upfront investment will be required to upskill those individuals. For those individuals, we recommend an allocation of \$10,000 per individual, as this allocation would cover a governance essentials course with the Institute of Directors.

*How the fee stacks up against other Treasury Boards, Transport and Urban Development Boards*

- 24 The results presented in the 2019 Director Fee Methodology Review was included as part of a briefing to the Minister of Finance for a suite of recommended fee changes across the Treasury Boards (T2020-1917 and T2020-2665 refers); however, these proposals were put on hold due to the arrival of COVID-19 and pay restraint. ALR Shareholding Ministers will have the option of considering a fee against the 'current fee' benchmark, or the 'private sector fee, less the 10 percent discount.'

- 25 For reference, a copy of the transport and urban development Crown boards is also listed in **Annex Two**. Given the anticipated future direction of the Project, officials see the fee proposal in line with the majority of relevant sector boards. The boards with the largest inequitable impact are Waka Kotahi and any Crown companies where the fees remain considerably below market rate. Officials intend to review a number of these fees which are out of date once pay restraint is lifted, and we understanding Ministers are exploring a wider review of company fees.

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APPENDIX FOUR, ANNEX ONE: ORDINARY FEE CALCULATION – AUCKLAND LIGHT RAIL LIMITED

#	Factor	Definition	Score Range	Score	Rationale	Multiplier	Final Score
1	Complexity of operating environment	s 9(2)(b)(ii)			<p>Light Rail is a new project for New Zealand; however, there is international precedent to build off in terms of construction and integrating transport and urban development outcomes.</p> <p>Contractors will be subject to domestic and international competition; however, there will be a limited number of contactors capable of doing the scale of work required. Contract management, business strategy and commercial negotiation will be key oversight functions for Board.</p> <p>Project is localised to Auckland. The December 2021 Cabinet paper provided for flexible scope to expand to other infrastructure/mass transit projects.</p> <p>Political environment is complex with potential changes in leadership or environment having flow on impacts for the Project's momentum/success.</p> <p><b>Note:</b> Housing and infrastructure boards in TSY methodology scored 3. Energy companies, Reserve Bank and ACC scored 4. Only Air NZ, NZ Super and NZ Post received 5.</p>	s 9(2)(b)(ii)	
2	Innovation / Technology / Intellectual complexity				<p>The project has both transport and urban development aspects. Most people understand the basics of the transport part of the project, but the urban regeneration message has struggled to come across/be well understood to date.</p> <p>Use of specific light rail tracks will create space for new technologies to be introduced to New Zealand. ALR Limited will be subject to regulation</p> <p>No research and development functions for the entity. Project will be reliant on specialist engineers and staff; however, they are mostly procured through the Alliance contract rather than hired as staff.</p> <p>Medium levels of ambiguity around project timelines. Benefits realisation will be over a longer period following construction.</p> <p><b>Note:</b> Air NZ, ACC, housing and infrastructure boards in TSY methodology scored 3. Energy companies, NZ Super and Reserve Bank scored 4. Only AsureQuality, certain CRIs and TVNZ scored 5.</p>		
3	Board discretion / Autonomy				<p>Board will have autonomy for delivering detailed planning, and ultimately project delivery and operationalisation. However, final decision making is reserved for Sponsors, who currently remain close to decision making and may likely continue to do so given the amount of funding that needs to be invested to deliver ALR.</p>		

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#	Factor	Definition	Score Range	Score	Rationale	Multiplier	Final Score
		s 9(2)(b)(ii)			<p>Shareholders will communicate priorities via the Project Planning and Funding Agreement and will have the standard Crown Entity accountability mechanisms.</p> <p>Board will ultimately have power to determine budget, and does have the power to create or acquire subsidiaries with written notice to Shareholders.</p> <p><b>Comparison Note:</b> Mostly mixed-mode ownership companies were the ones who scored 5. Crown entity companies generally scored 3. Dual sponsored entities such as Tāmaki Redevelopment scored 2.</p>	s 9(2)(b)(ii)	
4	Stakeholder management				<p>High level of political interest in Project at a central and local government level. Project likely to face political criticism throughout its life cycle.</p> <p>Project will have mana whenua serving as sponsors, but there will also be 16 iwi with an interest in the route.</p> <p>Expectation on the Board to front community meetings and commercial stakeholder. Diverse socio-economic communities along ALR route.</p> <p>A high emphasis has also been placed to date on a director's political acumen, and ability to engage with a wide range of people groups.</p> <p><b>Comparison Note:</b> Most of the large corporate/infrastructure bodies scored 5. Ōtakaro and Housing NZ, however, scored 4.</p>		
5	Revenue / Capital Risk				<p>Entirely Crown funded during detailed planning phase. Will need to be revised once decisions are made.</p> <p><b>Comparison Note:</b> Entities with a strong crown funding base scored lower. Higher scores came through use of tickets/sales as a revenue gathering mechanism.</p>		

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#	Factor	Definition	Score Range	Score	Rationale	Multiplier	Final Score
6	Liability Risk	s 9(2)(b)(ii)			<p><b>Planning</b></p> <p>Recommendation could be judicially reviewed. There will be some overseas business with an international alliance. Possible need to use/consider foreign exchange derivatives, and hold foreign currency.</p> <p>Company will be subject to the Official Information Act, and Privacy Act. Board will have Health and Safety at Work Act obligations.</p> <p>Risks to increase significantly upon progression to delivery.</p>	s 9(2)(b)(ii)	
7	Public Perception / Profile Risk				<p>Project well known and subject to national media attention. The majority of impacts for poor decision making will be local; however, there will be national implications in terms of finances and decisions around light rail as a tool for mass transit/urban intensification.</p> <p>Directors and Project can expect to face criticism/likely legal action over decisions.</p> <p><b>Comparison Note:</b> Most large entities in the Treasury portfolio scored 5, including KiwiRail and Housing NZ.</p>		
8	Revenue				<p>Budget for detailed planning is current \$200m, with \$130m provided for early land acquisition.</p>		

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#	Factor	Definition	Score Range	Score	Rationale	Multiplier	Final Score
		s 9(2)(b)(ii)				s 9(2)(b)(ii)	
9	Assets				\$130m when purchased into assets. Cost of current premises likely >10m.		
<b>TOTAL</b>							283

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## APPENDIX FOUR, ANNEX TWO: TRANSPORT AND URBAN DEVELOPMENT CROWN BOARDS (CENTRAL AND AUCKLAND LOCAL GOVERNMENT)

Board	Entity Type	Chair Fee	Daily Rate	Member Fee	Daily Rate	Scope of Functions (High Level)	Assumed Working Days	Other Notes
Auckland Transport	Council Controlled Organisation	\$108,000	\$2,160	\$54,400	\$1,800	Responsible for regional transport services in Auckland (excluding State Highways).		Assumed working days are not factored into Auckland Council's fees formula. A daily rate was against the Fees Framework.
Eke Panuku	Council Controlled Organisation	\$108,000	\$2,160	\$54,400	\$1,800	Delivers urban regeneration in Tāmaki Makaurau.		As above.
Kāinga Ora	Crown Entity	\$98,000	\$1,960	\$49,000	\$1,633.33	Provider of housing, accommodation and housing related services to those in need. Responsible for a number of urban development functions.	50 Chair, 30 member	
City Rail Link Limited	Schedule 4A Public Finance Act Company	\$98,000	\$1,960	\$49,000	\$1,633.33	Deliver the City Rail Link Project - estimated project cost \$4.4bn.	50 Chair, 30 member	
KiwiRail Holdings Limited	State Owned Enterprise	\$88,218	\$1,746	\$44,109	\$1,470.30	Provide freight and rail services across NZ, maintain rail network, involved in rail safety.	50 Chair, 30 member	

Board	Entity Type	Chair Fee	Daily Rate	Member Fee	Daily Rate	Scope of Functions (High Level)	Assumed Working Days	Other Notes
Auckland Light Rail Unit	Ministerial Advisory Committee		\$1,428		\$1,190	Deliver detailed business case for Auckland Light Rail Project	204 Chair, 30 members	
Waka Kotahi NZ Transport Agency	Crown Entity	\$71,400	\$1,428	\$35,700	\$1,190	Build and maintain State Highway Network (~\$59bn in value), manage and invest NLTF (~\$4bn), regulation of land transport across NZ (\$200+m).	50 Chair, 30 members	

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## BRIEFING

Document 23

18 November 2022

OC221020

**Hon Michael Wood**  
**Minister of Transport**

Action required by:  
 Monday, 28 November 2022

## PROACTIVE RELEASE OF CITY RAIL LINK TARGETED HARDSHIP FUND PAPERS

### Purpose

The purpose of this briefing is to seek your approval to proactively publish the Cabinet Paper, Minute, and associated briefings, related to the City Rail Link (CRL) Targeted Hardship Fund on the Ministry of Transport's website.

<b>Number of papers</b>	Eight
<b>Deadline</b>	Thursday 24 November 2022
<b>Risks</b>	Risks and mitigations are outlined in the briefing below

### Recommendations

We recommend you:

- 1 **agree** by to publish eight documents with redactions as marked on the Ministry's website by 28 November 2022 Yes / No
- 2 **advise** the Ministry of Transport if you consider any information should be withheld from the material. Yes / No

Fleur D'Souza  
**Manager, Programme Assurance and Commercial**

.18 / .11. / 2022

Hon Michael Wood  
**Minister of Transport**

..... / ..... / .....

Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

**Comments**

**Contacts**

Name	Telephone	First contact
Fleur D'Souza, Manager, Programme Assurance and Commercial	s 9(2)(a)	
Sarah Mackenzie, Graduate Adviser, Programme Assurance and Commercial		✓

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## PROACTIVE RELEASE OF CITY RAIL LINK TARGETED HARDSHIP FUND PAPERS

### Background

- 1 On 30 August 2021 Cabinet considered the paper titled City Rail Link Targeted Hardship fund for C3 works.
- 2 Cabinet Office circular (18)4 states that all Cabinet and Cabinet Committee papers and minutes be proactively released and published online within 30 business days of final decisions being taken by Cabinet. This is the case “unless there is good reason not to publish”.
- 3 Cabinet material was scheduled to be released by 12 October 2021, however Auckland Council and the Ministry expressed concern about the release of papers before the detailed eligibility and assessment criteria was decided and announced by CRLL. Your office agreed in October 2021 that the paper should not be proactively released until the design, eligibility and assessment criteria for the Targeted Hardship Fund had been finalised.
- 4 The design, eligibility and assessment criteria have now been finalised, the application forms are available on the CRL website, and payments from the Targeted Hardship Fund have been made.
- 5 In addition to the release of the Cabinet paper, we are seeking your agreement to release other key papers including the relevant Cabinet minute and the briefing papers you received. We consider the release of the suite of papers would further public understanding and pre-empt individual requests for the material.
- 6 The release also comes ahead of the review of the Targeted Hardship Fund and report back to Cabinet, scheduled for early next year [CAB-21-MIN-0338] refers.
- 7 We are proposing to publish the following documents on the Ministry’s website:
  - Advice on Options for a City Rail Link Business Hardship Scheme for C3 Contract Works – briefing paper,
  - Advice on Establishment of a City Rail Link Business Hardship Scheme for C3 Contract Work – briefing paper,
  - City Rail Link Targeted Hardship Fund for C3 Contract Works – briefing paper and draft Cabinet paper,
  - City Rail Link Targeted Hardship Fund for C3 works – Cabinet paper,
  - City Rail Link Targeted Hardship Fund for C3 Works – Cabinet Business Committee minute,
  - Report of the Cabinet Business Committee – Cabinet minute,
  - City Rail Link Targeted Business Hardship Fund for C3 Works – briefing paper and draft letter to Sir Brian Roche, Chair of the Board of CRLL.

- Targeted Hardship Fund for Businesses Relating to the C3 Works – letter to Sir Brian Roche, Chair of the Board of CRL.

## Review

- 8 The Ministry has reviewed these documents and proposes some content is withheld consistent with the grounds contained in the Official Information Act 1982 (the Act).
- 9 Note that whilst agencies withhold information in proactive releases consistent with the Act, Section 48 of the Act which protects Ministers and agencies from civil or criminal liability where information is released under the Act, does not apply to information that is proactively released.
- 10 We recommend that information is withheld under the following sections of the Act:
- 9(2)(a) to protect the privacy of natural persons
  - 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
  - 9(2)(ba)(i) to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
  - 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
  - 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
  - 9(2)(h) to maintain legal professional privilege
  - 9(2)(i) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
  - 9(2)(j) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
- 11 In general, information is withheld where release of that information would prejudice future decision making about the Fund, in particular the upcoming review. The public interest in Ministers being able to make those decisions in an orderly and effective way outweighs the public interest in the release of this information at this time.

- 12 s 9(2)(ba)(i) [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

13 We also propose to withhold s 9(2)(f)(iv) [redacted] as this may be subject to future Ministerial decisions. Free and frank commentary about the precedent risks of establishing the Fund, and legal advice received on the establishment of the Fund, is also withheld.

**Consultations undertaken**

14 The following agencies were consulted on the release of these documents:

- Auckland Council
- The Treasury
- City Rail Link Limited

15 s 9(2)(ba)(i) [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
 [redacted]

16 Auckland Council and the Treasury were comfortable with our approach to the release of these documents.

17 As the Minister of Finance is the other Crown Sponsor of the CRL project we request that your office consult with the office of Minister Robertson about the release.

**Risks and mitigations**

*The below table sets out risks related to material proposed to be released and our planned mitigations*

Risk	Location in documents	Mitigations
s 9(2)(g)(i) [redacted]	[redacted]	[redacted]
References to the \$1.4 million dollars remaining in the Cabinet approved funding for the C2 BHP s 9(2)(g)(i) [redacted] [redacted] [redacted]	Document 1, [17] [19] [20] [26] Document 2, page 2, [3] [44] [47]-[50] Document 3, page 2, [18][19] – redacted	Include the following wording next to all references to the \$1.4 million figure in the documents to clarify that this is not an underspend. “Clarification: The C2 Business Hardship Programme (BHP) was funded from contingency within the CRL budget, up to a maximum level of \$2 million (as approved by Cabinet). This level was set in the absence of knowing how much would be



<p>s 9(2)(g)(i)</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>Document 4, [35.1] [69] Please note these references should be: Document 2, page 20 first key point, page 22 paragraph [3], pages 28- 29 paragraphs [44] [47]-[50]. Document 3, page 33 first key point, pages 38-39 paragraphs [18] -[19]</p>	<p>needed for the BHP initially, as this was difficult to estimate. There was no specific allocation in the CRL budget of \$2 million for the BHP and so the \$1.4 million figure does not represent an underspend that could be reallocated to fund the C3 Targeted Hardship Fund. CRL distributed payments to all eligible businesses as per the Sponsors' guidelines for the BHP."</p>
<p>s 9(2)(g)(i)</p> <p>[REDACTED]</p> <p>RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982</p>		

s 9(2)(g)(i)

Document 7 contains an incorrect reference to the end date of the multi year appropriation "Auckland City Rail Link Targeted Hardship Fund MYA"	Document 7 [7]  Please note this reference should be document 7, paragraph 8.	Paragraph 7 refers to this appropriation ending in 2023 when it in fact ends in 2025. We have included the following note next to this reference "Please note the reference to 2023 included here is an error, the details for this appropriation are set out above on page 2."

*There may be some interest in the material once released*

18 You have answered parliamentary question/s and received correspondence from Heart of the City and others relating to the set up of the Targeted Hardship Fund. There has also been some media interest in the complaints of hardship associated with CRL.

19 s 9(2)(g)(i) [Redacted]

20 s 9(2)(g)(i) [Redacted] as the Cabinet material makes clear that the Targeted Hardship Fund is not intended to set a precedent, that financial assistance will not be provided for every infrastructure project, and that the assistance is exceptional in nature given the particulars of CRL project.

## Next steps

- 21 Once you have approved the release of the documents, we will publish them on the Ministry's website.
- 22 We will coordinate with your office on the release of the material.

## Annexes

23 The following documents are attached to this briefing:

- Annex 1 Advice on Options for a City Rail Link Business Hardship Scheme for C3 Contract Works – briefing paper,
- City Rail Link Targeted Business Hardship Fund for C3 Works – briefing paper and draft letter to Sir Brian Roche,
- Targeted Hardship Fund for Businesses Relating to the C3 Works – letter to Sir Brian Roche.
- Annex 2 Advice on Establishment of a City Rail Link Business Hardship Scheme for C3 Contract Work – briefing paper,
- Annex 3 City Rail Link Targeted Hardship Fund for C3 Contract Works – briefing paper and draft Cabinet paper
- Annex 4 City Rail Link Targeted Hardship Fund for C3 works – Cabinet paper,
- Annex 5 City Rail Link Targeted Hardship Fund for C3 Works – Cabinet Business Committee minute
- Annex 6 Report of the Cabinet Business Committee – Cabinet minute,
- Annex 7 City Rail Link Targeted Business Hardship Fund for C3 Works – briefing paper and draft letter to Sir Brian Roche, Chair of the Board of CRL.
- Annex 8 Targeted Hardship Fund for Businesses Relating to the C3 Works – letter to Sir Brian Roche, Chair of the Board of CRL.

## Annex 9 – Document Schedule

Document number	Date	Title	Type	Details
1	23 April 2021	Advice on Options for a City Rail Link Business Hardship Scheme for C3 Contract Works	Ministry of Transport briefing paper, including appendices (OC210085)	Partial release, with some material withheld under sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(i), 9(2)(f)(iv), 9(2)(g)(i), 9(2)(h), 9(2)(i), 9(2)(j) of the Act.
2	4 June 2021	Advice on Establishment	Ministry of Transport	Partial release, with some material withheld under sections

Document number	Date	Title	Type	Details
		of a City Rail Link Business Hardship Scheme for C3 Contract Works.	briefing paper (OC210445)	9(2)(a),9(2)(ba)(i), 9(2)(f)(iv), 9(2)(h), 9(2)(j) of the Act.
3	12 August 2021	City Rail Link Targeted Hardship Fund for C3 Contract Works	Ministry of Transport briefing paper (OC210610), including attached draft Cabinet paper	Partial release, with some material withheld under sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(i), 9(2)(f)(iv), 9(2)(g)(i) 9(2)(h), 9(2)(i), 9(2)(j) of the Act  The draft Cabinet paper has consistent sections withheld as per final Cabinet Paper below.
4	25 August 2021	City Rail Link Targeted Hardship Fund for C3 works	Cabinet Paper	Partial release, with some material withheld under sections 9(2)(ba)(i), 9(2)(f)(iv), 9(2)(g)(i), 9(2)(i), 9(2)(h), 9(2)(j) of the Act.
5	25 August 2021	City Rail Link Targeted Hardship Fund for C3 Works	Committee Minute CBC-21-MIN-0073	Release in full.
6	30 August 2021	Report of the Cabinet Business Committee	Cabinet Minute CAB-21-MIN-0336	Partial release. Information not relevant has been removed.
7	2 September 2021	City Rail Link Targeted Business Hardship Fund for C3 Works	Ministry of Transport briefing paper (OC210694) including attached draft letter to Sir Brian Roche	Partial release, with some material withheld under sections 9(2)(a), 9(2)(ba)(i), 9(2)(f)(iv), 9(2)(g)(i), 9(2)(h), 9(2)(j) of the Act.
8	14 September 2021	Targeted Hardship Fund for Businesses Relating to the C3 Works	Letter from Minister of Transport Hon Michael Wood to Sir Brian Roche	Partial release, with some material withheld under section 9(2)(a) of the Act. This material is Sir Brian Roche's email address withheld, to protect personal privacy.

23 November 2022

OC220813

**Hon Michael Wood**

**Action required by:**

**Minister of Transport**

Wednesday, 7 December 2022

## **INITIAL ADVICE ON A LIABILITY REGIME FOR AUTOMATED VEHICLES**

### **Purpose**

Provides initial advice on liability issues related to automated vehicles (AVs) and proposes an approach to consulting on and developing a liability regime

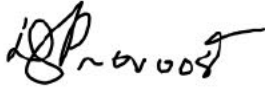
### **Key points**

- New Zealand's legislation is silent on whether a human needs to be in control of a vehicle. This means AVs can be legally driven on our roads if they comply with relevant vehicle standards.
- There are already vehicles on our roads that are pushing the boundaries of advanced driver-assistance systems towards higher levels of automation. Some of these vehicles are equipped with the necessary hardware components that enable them to be updated to higher levels of automation.
- If a crash was to occur involving an AV operating in automated mode, there is no clarity on who (or what entity) could be held liable. Regardless of whether the government wishes to encourage or discourage AV uptake, these liability risks need to be addressed.
- How to apportion responsibility and liability when an AV driving offence and/or crash occurs is a complex issue that will have implications for a wide range of stakeholders.
- Preparing an issues paper on AV liability and consulting with stakeholders would help develop our thinking on a liability regime. It would also send an important signal to industry, stakeholders, and the public that we are considering this issue and preparing for the introduction of higher levels of AVs into New Zealand.

**Recommendations**

We recommend you:

- 1 **agree** that Te Manatū Waka prepare a draft issues paper on a liability regime for automated vehicles and provide this to you for your review and comment by the end of May 2023. Yes / No




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Donna Provoost  
**Manager, Strategy**  
 22 /11/2022

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Hon Michael Wood  
**Minister of Transport**  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Donna Provoost, Manager, Strategy	s 9(2)(a)	✓
Kate Saunders, Senior Adviser, Strategy		

# INITIAL ADVICE ON A LIABILITY REGIME FOR AUTOMATED VEHICLES

## Background

- 1 After meeting on 28 July to discuss the final Long-term Insights Briefing (LTIB) on the impact of automated vehicles (AVs) operating on Aotearoa New Zealand roads, you recommended that we focus on the AV liability issue.
- 2 In July, you also received initial advice on a vehicle standards work programme (refer to OC210830). That briefing included discussion on the risks of highly automated vehicles and noted that we will separately progress work on AV liability.
- 3 This briefing provides initial advice on developing a liability regime for on-road AVs with particular emphasis on Society of Automated Engineers (SAE) Level 3 vehicles, where driving control switches between the human and automated driving system (ADS). While the focus will be on Level 3 AVs, a range of use cases (for both people and goods movement) and levels of automation will need to be considered. Refer to Annex 1 for a description of the SAE levels of automation.

## The current land transport regulatory framework, including driving offence provisions, is centred around a human driver

- 4 Under existing legislation, a driver does not need to be present for a vehicle to be operated on a public road in New Zealand. However, the implication from the provisions of the Land Transport Act 1998 (LTA) and the Land Transport (Road User) Rule 2004 which governs road traffic rules (such as keeping left and not exceeding speed limits) is that there will be a human driver. Offence provisions and penalties primarily apply to drivers. s 9(2)(h)  
[Redacted]
- 5 The lack of clarity on responsibility and liability is currently of most concern in relation to Level 3 AVs as there are already vehicles in the country that are pushing the boundaries of Level 2 automation and are fitted with the necessary hardware to be updated to a higher level. These vehicles could be upgraded to Level 3 automation at any time via over-the-air software updates. s 9(2)(h)  
[Redacted]
- 6 More emphasis on Level 3 AVs is also warranted at this stage given that a human driver will be required to take over the driving task when requested by the automated driving system (ADS). s 9(2)(h)  
[Redacted]

- 7 Regardless of whether the government wishes to encourage or discourage AV uptake, some form of regulatory intervention will be needed to address the liability issues outlined above. At one extreme, this could involve controlling the level of use of AVs on New Zealand roads to mitigate against these issues arising in the first place. Alternatively, clear rules around liability and responsibility will need to be enshrined in regulation and/or legislation.
- 8 Although the current focus should be on Level 3 AVs, any liability regime that is considered will also need to cover Level 4 and 5 AVs or be adaptable enough to respond to the future risk of these vehicles entering the market. Level 3 AVs can be thought of as being part of a transition period where many elements of the existing land transport regulatory framework will still apply given that the vehicle will be capable of being driven in non-automated mode.

### **We can draw on work underway in other jurisdictions to address the AV liability challenge**

- 9 The Ministry engages with several international counterparts who have significant AV work programmes underway including the National Transport Commission Australia (NTC), Office of Future Transport Technologies Australia (OFTT), and Transport Canada (TC). We also look to the work of the UK.
- 10 The UK and Australia have been undertaking AV regulatory review and reform work for some years:
  - 10.1 In late 2017, Australian Ministers endorsed an Automated Vehicle Program Approach to address several, parallel reforms and achieve end-to-end regulation for AVs by 2026.
  - 10.2 In 2018, the UK Centre for Connected and Autonomous Vehicles (CCAV) commissioned the Law Commission of England and Wales and the Scottish Law Commission to undertake a joint review to enable the safe and responsible deployment of AVs.
- 11 This year, both the UK and NTC proposed comprehensive frameworks for deployment-ready AV regulation by 2025/26 (in line with likely timelines for commercial deployment). The respective governments have now committed to the proposed frameworks.
- 12 The regulatory reforms centre on safety and responsibility and address two overarching areas: market entry (first supply), and in-service operation of AVs.
- 13 In clarifying roles and responsibilities, both the UK and Australia are establishing new legal actors. For example, the UK is carving out three legal entities:
  - 13.1 the *user-in-charge* - the human in the driving seat,
  - 13.2 *no-user-in-charge* (NUIC) *operator* - the organisation that oversees vehicles without a user-in-charge, and
  - 13.3 the *Authorised Self-driving Entity* (ASDE) - the manufacturer or developer that puts the vehicle forward for authorisation and takes responsibility for its actions.



- 14 In Australia the Automated Driving System Entity (ADSE) will be the new responsible entity for the automated driving system (ADS) over its life.
- 15 The creation of new legal entities has implications across the life of the AV and supporting systems for certification/approval, compliance, and offence provisions.
- 16 Along with creating new legal actors, Australia is rolling out a new national in-service Automated Vehicle Safety Law (AVSL) that outlines compliance and enforcement matters specific to AVs.
- 17 As evidenced by the UK and Australia's approach to AV regulation, safety and responsibility are two key components that may be best addressed concurrently.
- 18 While other international jurisdictions are developing AV regulation, many of the key players (such as the United States, Japan, and Germany) have strong government/industry interdependency with their auto manufacturing industries that employ around 8-10 percent of their workforce.
- 19 The UK and Australia have significantly smaller auto manufacturing industries relative to their size and do not face the same employment and economic drivers that may incentivise certain approaches to AV regulation. The focus can instead be on carving out a regulatory approach that centres the general AV user rather than producer.
- 20 Compared with the UK and Australia, the US and Germany also face significant challenges regarding harmonisation of regulation across multiple states and municipalities. For example, Germany currently has around 11,000 municipalities to navigate. Such regulatory standardisation issues are not as relevant to New Zealand.

### **Liability is just one component of AV regulation**

- 21 It is important to note that a liability regime is just one component of a wider regulatory framework that would be required to fully support the safe introduction of AVs on public roads in New Zealand. There are linkages between liability and other key components of a regulatory regime, including vehicle and driver safety, and the infrastructure requirements needed to safely support AV integration. For example, in the Australian regulatory framework there are close ties between liability and the vehicle standards and entry certification process.
- 22 As set out in an earlier briefing to you (OC210830), work is underway to review our wider vehicle standards framework to consider appropriate system design, international harmonisation, and how our entry requirements can more efficiently keep pace with new vehicle features (including automation). For example, our current vehicle standards assume there is a human driver which means they aren't flexible enough to apply to most level 4 and 5 vehicles, such as AV shuttles. This work programme on vehicle standards does not consider issues of liability but the Strategy team is working closely with the Mobility and Safety team to ensure that the vehicle safety standards and AV liability work is aligned.

## The complexities involved in developing a liability regime for AVs warrants industry and public consultation

- 23 How to apportion responsibility and liability when an AV driving offence and/or crash occurs is a complex issue that will have implications for a wide range of stakeholders, including road users, the AV industry, the Police, Waka Kotahi and the insurance industry. The design of any liability regime will also have potential implications for the size of our AV fleet, both in terms of consumer uptake and the willingness of AV manufacturers to allow their vehicles to enter the New Zealand market. The liability regime should hold to account those best able to manage the risk of crashes and/or road rule breaches when they occur.
- 24 Some of the key issues that we require clarity on before considering options for an AV liability regime include:
- 24.1 the range of entities/persons that could potentially be liable for crashes/driving offences when a Level 3 and above automated driving system is engaged (including the manufacturer, importer, approval entity, owner, or driver);
  - 24.2 a mechanism for determining a 'responsible entity' that can be held liable where it is not appropriate for the operator to be held accountable (e.g., this could potentially be determined via the vehicle standards and entry certification process);
  - 24.3 obligations that a 'responsible entity' may need to meet (e.g., corporate presence in New Zealand, holding sufficient insurance, data recording etc.);
  - 24.4 penalties that would act as an effective deterrent depending on who/what is to be held liable, especially where there is a systemic safety issue with the potential to affect all vehicles using the same software;
  - 24.5 the potential impact of AVs on the vehicle insurance market and on ACC for personal injury;
  - 24.6 information storage and sharing requirements necessary to support a liability regime (e.g., automatic driving system data to aid with crash investigations);
  - 24.7 consistency of a liability regime with other New Zealand regulatory frameworks, including parallels with regulations relating to similar technologies developing within the aviation and maritime sectors.
- 25 Given the range of issues and stakeholders involved, officials consider that it is necessary to develop an issues paper and consult with stakeholders. This will both develop our thinking on a liability regime and send an important signal to industry, stakeholders, and the public that we are considering this issue and preparing for the introduction of higher levels of AVs into New Zealand.
- 26 It is worth noting that by international standards, considering AV liability in isolation of other regulatory aspects is a unique approach. We will need to make it clear in the issues paper that liability is only one component of a potential regulatory framework for AVs or we risk being criticised for not considering the full picture. There are a range of ways we can ensure that industry understands our approach. For example, we can indicate that we are taking a phased approach to consultation and seeking

input on what we consider to be the most pressing issues. We could also ask industry to highlight other issues that will need to be considered in due course.

- 27 To reduce the burden on industry, there may also be scope to consult on this issues paper in parallel with the proposed consultation on standards for Automated Emergency Braking (AEB) and Lane Keep Assist (LKA) (noting that these features alone are not sufficient to meet the definition of a Level 3 AV). We will work through the advantages and disadvantages of such an approach and provide advice to you when we provide the draft issues paper for your comment.
- 28 If you agree, we plan to draft an issues paper for your review by the end of May 2023. At that time, we would provide advice on appropriate timing for public consultation on the issues paper. An indicative timeframe for the development of this paper is as follows:

Milestone	Date
First draft of issues paper complete	March 2023
Consultation with relevant external agencies, including Waka Kotahi, Police	April 2023
Draft issues paper provided to the Minister of Transport	May 2023

### Stakeholder engagement

- 29 Waka Kotahi was consulted during the preparation of this advice and has provided drafting input.
- 30 If you agree that the Ministry should develop an issues paper, we will continue to work with Waka Kotahi during the drafting process and also consult with the NZ Police, Ministry of Justice, the Law Commission, and ACC. Once the issues paper is released, we will consult with industry and the public.
- 31 Where appropriate, we will also engage with te Kāhui<sup>1</sup> and other groups to ensure this work progresses in a manner consistent with te Tiriti relationship, te ao Māori, and the needs of Māori users of the transport system.

### Next steps

- 32 Subject to your agreement, we will prepare a draft issues paper on an AV liability by the end of May 2023 for your review and comment.
- 33 As part of our transport system stewardship role, we will continue to monitor AV technology and industry developments and consider how this could impact on the need for a wider AV work programme. We will provide you with further advice as necessary.

<sup>1</sup> As you are aware, the Kāhui is a panel of Māori experts who provide Te Ao Māori perspective, guidance, and support to Te Manatū Waka through the senior leadership team.

**ANNEX 1**

The Society of Automotive Engineers (SAE) Levels of Driving Automation (SAE J3016) is the industry's most-cited source for driving automation:



**SAE J3016™ LEVELS OF DRIVING AUTOMATION™**

Learn more here: [sae.org/standards/content/j3016\\_202104](http://sae.org/standards/content/j3016_202104)

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	SAE LEVEL 0™	SAE LEVEL 1™	SAE LEVEL 2™	SAE LEVEL 3™	SAE LEVEL 4™	SAE LEVEL 5™
What does the human in the driver's seat have to do?	You <b>are driving</b> whenever these driver support features are engaged – even if your feet are off the pedals and you are not steering			You <b>are not driving</b> when these automated driving features are engaged – even if you are seated in “the driver’s seat”		
	You <b>must constantly supervise</b> these support features; you must steer, brake or accelerate as needed to maintain safety			When the feature requests, you <b>must drive</b>	These automated driving features will not require you to take over driving	

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	These are driver support features			These are automated driving features		
What do these features do?	These features are limited to providing warnings and momentary assistance	These features provide steering <b>OR</b> brake/acceleration support to the driver	These features provide steering <b>AND</b> brake/acceleration support to the driver	These features can drive the vehicle under limited conditions and will not operate unless all required conditions are met	This feature can drive the vehicle under all conditions	
Example Features	<ul style="list-style-type: none"> <li>• automatic emergency braking</li> <li>• blind spot warning</li> <li>• lane departure warning</li> </ul>	<ul style="list-style-type: none"> <li>• lane centering <b>OR</b></li> <li>• adaptive cruise control</li> </ul>	<ul style="list-style-type: none"> <li>• lane centering <b>AND</b></li> <li>• adaptive cruise control at the same time</li> </ul>	<ul style="list-style-type: none"> <li>• traffic jam chauffeur</li> </ul>	<ul style="list-style-type: none"> <li>• local driverless taxi</li> <li>• pedals/steering wheel may or may not be installed</li> </ul>	<ul style="list-style-type: none"> <li>• same as level 4, but feature can drive everywhere in all conditions</li> </ul>

RELEASED FOR DISCUSSION



Document 28

23 November 2022

OC220982

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
 Wednesday, 30 November 2022

## **COMMUNITY CONNECT: IMPLEMENTATION COSTS AND REMAINING POLICY MATTERS**

### **Purpose**

This paper:

- updates you on progress with implementation of Community Connect;
- seeks your approval to use funding from the Public Transport Concession category of the Community Connect appropriation to fund public transport authorities' implementation costs; and
- seeks your direction on remaining policy issues

### **Key points**

- Public transport authorities (PTAs) have been working hard to implement Community Connect in line with your expectations. While there are challenges in some regions, PTAs are on track to launch Community Connect from 1 February 2023.
- PTAs have also identified their implementation costs, totalling s 9(2)(j).   A further breakdown is provided in Table 1 of this briefing. It exceeds the existing administration costs category of the Community Connect appropriation, therefore we seek your approval to use s 9(2)(j) in funding from the second category of the appropriation (intended to cover the fare revenue foregone) to cover these implementation costs.
- While utilising funds from one category of a multi-category appropriation for another category does not require formal approval, we seek confirmation of your comfort with this approach given the amount of funding required. We note that providing this funding to PTAs is consistent with your letter of 30 May 2022 to councils about public transport initiatives in Budget 2022 and is consistent with the funding provided to Auckland for the original Community Connect pilot.
- We also seek your direction regarding eligibility for Capital Connection rail and Hokianga ferry services for Community Connect, as well as the scope of funding for smartcards.
  - We recommend that while Capital Connection and Hokianga ferry are both exempt services, they should be eligible for Community Connect, as they

have been eligible for half price fares on the basis that they receive funding from the National Land Transport Fund. We note Te Huia is also eligible for Community Connect as it is contracted by Waikato Regional Council.

- We recommend that funding is provided in-principle to cover the cost of the first smartcard provided to a passenger with the concession, but not for any subsequent cards required. This is intended to incentivise passengers to look after their cards and support PTAs to manage costs of the concession. [REDACTED]

s 9(2)(ba)(i), s 9(2)(ba)(ii)  
 [REDACTED]  
 [REDACTED]  
 [REDACTED]  
 [REDACTED]

**Recommendations**

We recommend you:

- 1 **confirm** that the Crown will meet public transport authorities' costs s 9(2)(j) [REDACTED] in implementing Community Connect Yes / No
- 2 **approve** the use of s 9(2)(j) [REDACTED] from the Public Transport Concessions category of the Community Connect appropriation to fund public transport authorities' implementation costs through the Administration of the Community connect Programme category Yes / No
- 3 **agree** to the following exempt services being eligible for the Community Connect concession:
  - a) Capital Connection rail service Yes / No
  - b) Hokianga ferry service Yes / No
- 4 **agree in principle** to Crown funding being available for only the first smartcard for those eligible for Community Connect, where it is possible for PTAs to identify previous smartcards held by the applicant. Yes / No

---

Helen White  
**Manager, Mobility and Safety**  
 22 / 11 / 2022

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Hon Michael Wood  
**Minister of Transport**  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Helen White, Manager, Mobility and Safety	s 9(2)(a)	✓
Olivia Kitson, Senior Adviser, Mobility and Safety		

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

## COMMUNITY CONNECT: IMPLEMENTATION COSTS AND REMAINING POLICY MATTERS

### Public transport authorities (PTAs) have been working to implement Community Connect with the Ministry of Social Development and their ticketing providers

- 1 PTA officers have been working with their ticketing providers, Waka Kotahi and Ministry of Social Development (MSD) officials to implement Community Connect in line with your expectations. Good progress has been made, with Auckland Transport (AT) starting pre-registration on 15 November 2022 and Greater Wellington Regional Council (GWRC) planning to start their pre-registration in the new year.
- 2 As noted in your Weekly Report, Environment Canterbury (ECan) and Bee Card<sup>1</sup> councils are facing some difficulties with their electronic ticketing provider, INIT. Bee Card councils expect testing of their technical solution to start in early December; there is a risk the technical solution will be delayed if testing reveals any further challenges. They expect to have a better understanding of likely timing to finalise the technical solution later in December, and we will update you as we get further information.
- 3 ECan has additional complexities due to the age of their ticketing system, and the lack of an existing concession engine. We have been advised that ECan and MSD have agreed to an interim solution, likely to be in place for about the first month of the concession's operation. This interim solution will require eligible passengers to apply online for the concession and show their Community Services Card (CSC) to the driver on boarding.
- 4 We note that this interim solution is not ideal for passengers, given the perceived stigma associated with a CSC and the need to show their CSC each time they board a service. However, it will ensure the concession is available to passengers from 1 February 2023 while the digital solution is completed and put in place.
- 5 Waka Kotahi has received information from PTAs regarding their expected implementation costs for Community Connect. Those costs total approximately s 9(2)(j) which is broken down in Table 1 below. This does not include AT's implementation costs, which have been funded through separate funding approved by you and the Minister of Finance in November 2021 [OC210780 refers].

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<sup>1</sup> Bee Card councils refers to PTAs with the Bee Card system for public transport ticketing: Northland, Waikato, Bay of Plenty, Taranaki, Hawke's Bay, Horizons and Otago Regional Councils; Nelson and Invercargill City Councils; and Gisborne District Council.



Table 1 Community Connect implementation costs for all PTAs except AT, broken down by category

Cost category	Cost (\$000)
System costs (ticketing system updates and MSD automated programming interface validation)	s 9(2)(j)
Smartcards to be provided to eligible passengers with the Community Connect concession	
Communications and marketing	
Resourcing and customer support	
Project management	
<b>TOTAL</b>	

We are seeking confirmation that the Crown will meet the costs associated with implementing Community Connect

6 Your letter to councils of 30 May 2022 regarding public transport initiatives in Budget 2022 stated that the Crown was “making funding available and changing relevant regulations to support public transport authorities to implement 50 percent concessions for Community Services Card (CSC) holders”. Your letter also advises that the concession is intended to be fully funded by the Crown indefinitely.

7 s 9(2)(j)  
 [OC220237 refers].

8 PTAs and Waka Kotahi have been proceeding on the basis that the Crown will fully fund upfront implementation costs, which aligns with funding agreed for Auckland Transport’s implementation of Community Connect. There is a risk that requiring PTAs to meet implementation costs contradicts your earlier letter to PTAs and is inconsistent with the funding provided to AT for implementing the original pilot. If PTAs’ implementation costs are not funded by the Crown, we expect they would raise concerns with fairness and could jeopardise their support for the concession.

**We seek your approval to utilise funds from the concession category of the Community Connect appropriation to fund PTAs’ implementation costs**

9 The appropriation for Community Connect in 2022/23 is currently split into the following categories:

9.1 Administration of the Community Connect Programme (Non-departmental output expenses): \$3.934 million

9.1.1 \$528,000 is for administration costs approved through Budget 2022 (funding for Waka Kotahi administrative costs)

9.1.2 \$1.192 million relates to establishing technical and legal requirements for information sharing as part of the programme

9.1.3 \$2.214 million relates to funding carried forward from 2021/22 for AT's implementation costs

9.2 Public Transport Concessions – PTA fare revenue foregone as a result of the concession (Non-departmental other expenses): \$24.249 million

10 PTA implementation costs are approximately s 9(2)(j). We propose to meet this cost by utilising \$1.192 million (from Administration of the Community Connect Programme category<sup>2</sup>) and utilising s 9(2)(j) from the Public Transport Concessions category to fund councils' implementation costs. The following table shows the resulting changes to the two categories.

Table 2: Proposed changes to Community Connect appropriation categories

Appropriation categories	Current amount (\$m)	Proposed amount (\$m)
Administration of the Community Connect Programme	3.934	s 9(2)(j)
Public Transport Concessions	24.249	

11 There is sufficient funding within the Public Transport Concessions category to meet these implementation costs as the extension of half-price public transport fares has delayed the requirement and associated funding quantum required for the Community Connect concession. However, we note that some of the concession funding is expected to be returned to the centre because of the deferral of Community Connect with the extension of half price fares [CAB-22-MIN-0263 refers].

12 Utilising funds from one category of a multi-category appropriation for another category is permitted without requiring joint Ministers' approval. However, due to the amount of funding we propose to use to fund PTAs' implementation costs, we are seeking your approval with this approach. The Ministry will update the forecast spend for each category through the next baseline update in early 2023.

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

14 Te Manatu Waka and Waka Kotahi are preparing a funding agreement for the Community Connect initiative, which is expected to be finalised by the end of 2022.

s 9(2)(f)(iv)

<sup>2</sup> Within the Administration of the Community Connect Programme category, \$528,000 is earmarked for Waka Kotahi's administrative costs and \$2.214 million is earmarked for AT's implementation costs.

**We wish to clarify remaining policy matters regarding exempt services and funding for smartcards**

*We recommend that Capital Connection rail service and Hokianga ferry service are included as eligible services for Community Connect*

- 15 As stated in your letter to PTAs regarding Community Connect, the concession only applies to public transport services contracted by PTAs under the Public Transport Operating Model and the Metro Rail Operating Model. This is because PTAs have control over the fares for services they have contracted. As a result, exempt services are excluded from Community Connect. Te Huia is included in Community Connect as it is contracted by Waikato Regional Council.
- 16 The Capital Connection rail service and Hokianga ferry service are both exempt services, but we seek your clarification on whether they are included in Community Connect. Both services were included in half price fares, on the basis that they receive funding from the National Land Transport Fund (NLTF) [BRI-2431 refers]. We have also received correspondence from Greater Wellington Regional Council and Northland Regional Council respectively, requesting inclusion of these services in the concession.
- 17 We recommend that these services are included in Community Connect. This would maintain consistency with the scope of the half price fares scheme. We consider the cost of including these services in Community Connect can be covered from the existing appropriation. This is because current demand for the services is reasonably low (approximately 10,000 trips per month). Current costs of half price fares for Capital Connection are approximately \$300,000 - \$400,000 per annum. It is likely most users are not CSC holders and therefore the annual costs will be lower under Community Connect. While we do not have costs for the Hokianga ferry, we understand that these are likely to be low.
- 18 There is a risk that including some exempt services in Community Connect will lead to requests for other exempt services to be included. However, other exempt services are not integral to regional public transport networks and/or do not receive funding from the NLTF.

*We recommend funding for smart cards is limited to the first card only, where possible*

- 19 The Community Connect programme includes funding to provide smart cards (ie Snapper, HOP, Bee and Metro cards) to those eligible for Community Connect. We recommend that in-principle, this funding is limited to the first card only, where PTAs' systems will enable this policy to be enforced.
- 20 There are the standard reasons for why a person might need (apply for) for a second card, like losing the card or having it stolen. Due to the dynamic nature of eligibility for CSCs it is possible for a person's entitlement to Community Connect to be 'switched on and off' multiple times and theoretically it is possible they may request a new smartcard each time.
- 21 We note that there will be cost implications should you wish to include funding for subsequent cards. We understand that Snapper and AT HOP cards normally cost passengers \$10, which includes the cost of the card itself, as well as associated costs such as staff time in issuing the card.

22 At this time, it is not possible to quantify the number of people and the associated cost of issuing additional cards free of charge. However, we consider that requiring passengers to pay for additional cards will incentivise passengers to look after their cards and support PTAs to manage the costs of the concession.

23 However, some PTAs' ticketing systems may not support enforcement of this policy, which is why we are seeking your in-principle agreement. s 9(2)(ba)(i), s 9(2)(ba)(ii)

[Redacted text block]

24 Considering these limitations, we also recommend that Waka Kotahi works with PTAs to explore options to enforce this policy where cards are administered in person and through ensuring PTAs are able to retain information to check whether a person has previously been issued with a smartcard with the Community Connect concession. Waka Kotahi officials will update you on progress with this.

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Document 30  
BRIEFING

23 November 2022

OC221012  
T2022/2586

Hon Grant Robertson  
Minister of Finance

Action required by:  
Wednesday, 30 November 2022

Hon Michael Wood  
Minister of Transport

## CITY RAIL LINK: UPDATE ON UPCOMING FUNDING REQUEST AND ADVICE TO SUPPORT MINISTER WOOD'S MEETING WITH THE CROLL CHAIR AND CHIEF EXECUTIVE

### Purpose

The purpose of this briefing is to provide an update on the upcoming funding request from City Rail Link Limited (CROLL) to Sponsors, and to provide further detail on challenges relating to *Day One readiness, health and safety*, and the *Targeted Hardship Fund (THF) review*. A more fulsome project performance update will be provided in early 2023 (or as required) to support consideration of any funding requests of contract variations as they arise.

A regular meeting between the Minister of Transport and the Chair and the Chief Executive of CROLL is scheduled on 29 November 2022; talking points to support this meeting are attached at **Appendix 3**.

### Key points

- s 9(2)(b)(ii), s 9(2)(ba)(i)  
[Redacted]
- s 9(2)(ba)(i)  
[Redacted] The Chair of the CROLL Board wrote to Sponsors on 16 November 2022 requesting a meeting to jointly brief Sponsors on the progress of negotiations. The s 9(2)(ba)(i)  
[Redacted]

s 9(2)(ba)(i)

Officials will provide advice to support you in this joint Sponsors meeting if it is arranged.

- s 9(2)(b)(ii), s 9(2)(j)

- s 9(2)(ba)(i)

s 9(2)(f)(iv)

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

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

- s 9(2)(ba)(i)

The Treasury and the Ministry discussed the following expectations and risks with CRLI on the process for the funding request s 9(2)(f)(iv), s 9(2)(ba)(i)

- s 9(2)(b)(ii), s 9(2)(ba)(i), s 9(2)(j)

[Redacted text block]

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- s 9(2)(b)(ii), s 9(2)(ba)(i), s 9(2)(j)  
[Redacted]

- [Redacted]

- [Redacted]

- We recommend that Minister Wood discuss these expectations and risks with the CRL Chair on 29 November 2022, or at a joint meeting of Sponsors (should the meeting be confirmed).

- s 9(2)(g)(i), s 9(2)(f)(iv)  
[Redacted]

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Recommendations

We recommend you:

Minister of Finance      Minister of Transport

1. s 9(2)(ba)(i) [Redacted]

2. note that the City Rail Link Limited Chair wrote to Sponsors on 16 November 2022 requesting a joint meeting to update Sponsors on matters related to negotiations with the Alliance and other matters related to Sponsors' expectations regarding the upcoming funding request. Ahead of this meeting, if it is arranged, officials will provide advice to support you in the meeting

3. agree to officials facilitating City Rail Link Limited Chair's request to meet with all Sponsors for an update on matters related to negotiations with the Alliance and other matters related to Sponsors' expectations regarding the upcoming funding request      Yes / No      Yes / No

4. note that Minister Wood is scheduled to meet with the City Rail Link Limited Chair and Chief Executive on 29 November 2022 and that suggested talking points are attached at Appendix 3

5. note the update on the review of the Targeted Hardship Fund included below as Appendix 1

Hon Grant Robertson  
Minister of Finance

..... / ..... / .....

Hon Michael Wood  
Minister of Transport

..... / ..... / .....



Ann Webster  
**Manager, Commercial and Institutional Performance**  
**The Treasury**  
 23./11 / 2022..

Sarah Polaschek  
**Manager, Governance**  
**Ministry of Transport**  
 23/11/2022

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

**Comments:**

**Contacts**

Name	Telephone	First contact
Sarah Polaschek, Manager, Governance, Ministry of Transport	s 9(2)(a)	<input type="checkbox"/> <b>(MoT)</b>
Michael Moore, Principal Advisor, The Treasury		<input type="checkbox"/> <b>(TSY)</b>
Alex Beedell, Senior Adviser, Ministry of Transport		
Sarah Mackenzie, Graduate Adviser, Ministry of Transport		

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# CITY RAIL LINK: UPDATE ON UPCOMING FUNDING REQUEST AND ADVICE TO SUPPORT MINISTER WOOD'S MEETING WITH THE CRL CHAIR AND CHIEF EXECUTIVE

## Update on the upcoming funding request

s 9(2)(ba)(i) [Redacted]

1 On 3 October 2022 you wrote to CRL, on behalf of Sponsors, outlining Sponsors' expectations for the upcoming Project Alliance Agreement (PAA) variation and funding request. s 9(2)(f)(iv), s 9(2)(g)(i)

- the COVID-19 claims settlements s 9(2)(f)(iv), s 9(2)(ba)(i)
- an increased budget for the C9 Britomart East works
- updated costs for C8 Henderson
- s 9(2)(f)(iv), s 9(2)(b)(ii)
- an appropriate level of project contingency, and
- any other relevant costs.

2 s 9(2)(ba)(i) [Redacted]

3 The Alliance and CRL have been working through an agreed process for dealing with COVID-19 related claims s 9(2)(b)(i). The process is a thorough one, involving both an Independent Estimator and oversight by TSA. s 9(2)(ba)(i), s 9(2)(g)(i)

4 s 9(2)(ba)(i) [Redacted]

s 9(2)(ba)(i) [Redacted]

5 s 9(2)(ba)(i) [Redacted] We expect CROLL to share key insights from this advice with you at a joint Sponsors meeting.

6 s 9(2)(ba)(i) [Redacted]

7 [Redacted]

8 In advance of this written briefing, the Chair of CROLL wrote to Sponsors on 16 November 2022 seeking a joint meeting to explain the current situation in more detail. s 9(2)(ba)(i) [Redacted] Ahead of this requested meeting of joint Sponsors, if it is arranged, officials will brief Ministers separately on the expected discussion points.

9 We note that Minister Wood has a regularly scheduled meeting with CROLL on 29 November 2022, s 9(2)(g)(i) [Redacted]

10 s 9(2)(b)(ii), s 9(2)(j) [Redacted]

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

12 Despite the challenges outlined above, reports from the operational sites suggest morale is high and the workforce on the ground are engaged and proud of what is being achieved. s 9(2)(ba)(i) [Redacted]

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## Update on Day One Readiness

s 9(2)(ba)(i)

- 13 The Day One train plan has now been received by CRL from Auckland Transport. The Sponsors' Assurance Manager is expecting to receive a copy shortly to review. We will include any insights or issues in our next briefing.
- 14 As discussed above, the ability for KiwiRail and Auckland Transport to adequately plan for, and schedule their readiness activities is heavily dependent on an s 9(2)(ba)(i) schedule being produced by the Alliance.
- 15 s 9(2)(ba)(i)
- 16 It is anticipated that the above issues s 9(2)(ba)(i) the next iteration of the project schedule, which is planned for approval by the Project Alliance Board (PAB) in October 2022. CRL is also challenging the Alliance schedule s 9(2)(i), s 9(2)(j)
- 17 At the next engagement with the Board, Sponsors may wish to ask how CRL is considering the resolution of scheduling challenges in its negotiations with the Alliance.

## Update on matters outside of the Link Alliance contract

*Work continues on the Benefits Realisation Plan. The Programme Business Case for the Maungawhau and Karanga-a-Hape stations and the final recommended scope and estimated cost for C8 (Henderson) and C9 (Britomart) remain under consideration by the Joint Board Committee and Delivery Partner Steering group respectively*

- 18 In our last performance update briefing (OC220660 T2022/1949 refers) we provided a summary of Phase One of the CRL Benefits Realisation Plan (BRP). Phase Two of the BRP will incorporate the outcome of the KiwiRail Auckland Metro Programme Business Case and the final outcome of Eke Panuku and Kāinga Ora's programme business case on development opportunities.
- 19 As previously noted, the completion of the Auckland Metro Programme Business Case has been delayed. We understand that a draft of a Programme Business Case is ready for consideration by the Joint Board Committee of Eke Panuku and Kāinga Ora. A Precinct Development Plan has also been developed and will be provided to Sponsors once the Joint Board Committee has considered and approved both documents.
- 20 The Delivery Partner Steering Committee (DPSC) considered scope and costing proposals for C8 (Henderson) and C9 (Britomart) but have not finalised their proposals.
- 21 Both the outcome of the programme business case and the final cost and scope recommendations for C8 (Henderson) and C9 (Britomart) have implications for the level of funding required for the project. s 9(2)(f)(iv)

s 9(2)(f)(iv), s 9(2)(ba)(i)

- 22 Depending on the timing of a joint meeting between Sponsors and CRL, Minister Wood may like to ask CRL when it expects to have final scope and cost information for C8 (Henderson) and C9 (Britomart) s 9(2)(f)(iv)

**Additional updates, and talking points for the Minister of Transport's upcoming meeting with the Chair and Chief Executive of CRL, are set out in the appendices**

**Appendix 1** provides an update on the Targeted Hardship Fund and the review of the fund

**Appendix 2** provides an update on health and safety

**Appendix 3** sets out talking points for the Minister of Transport's meeting with the Chair and Chief Executive of CRL on 29 November 2022.

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# Appendix 1: Update on the Targeted Hardship Fund (THF)

As at 18 November 2022 , CRLI has received 258 applications (excluding applications for Advance Interim Payments before the full THF was set up). Of these, 200 applications have been accepted so far, and businesses have received payments totalling over \$3.4 million (GST exclusive) from the THF, including Advance Interim Payments.

**Table 1: Number of THF applications (excluding Advance Interim Payments), by status, as at 26 August 2022** Please note this date should be 18 November 2022.

Application status	Number of applications
Accepted	200
Declined	30
Processing	28
<b>Total</b>	<b>258</b>

Please note this should be 28 declined applications and 30 processing applications.

Please note these figures will now be out of date. The total value of payments to businesses as at 16 December 2021 is \$3.86 million (GST exclusive).

## Update on the Review of the Targeted Hardship Fund

### Background

In establishing the THF, Cabinet noted that the Minister of Transport intended at that time to report back to Cabinet close to the time of the Fund being in place for two years to provide an update on the hardship assistance provided and to seek further funding for the remainder of the C3 works. This is currently planned for early 2023.

To inform this report back, a review of the THF has been signalled for late 2022. This review will consider the latest available information on the payments to businesses, the project’s schedule, and feedback from affected businesses. With reference to this information, we will assess whether the Sponsors’ High-Level Guidance to CRLI on the administration of the Fund should be amended.

*We have now received additional projections of spending from the THF*

CRLI have provided additional projections of spending from the THF, based on the schedule TAP rev 6.2. s 9(2)(ba)(i)

When the THF was established, it was funded initially for two years with \$12 million dollars, with another \$12 million to be added for the remainder of the C3 works if required.

s 9(2)(f)(iv); s 9(2)(ba)(i)

*The Minister of Transport indicated he wished to seek additional feedback from affected businesses*

So far we have received some feedback from Heart of the City and individual businesses. Key themes of this feedback are that the affected businesses would like pieces of the Sponsors’ High-Level Guidance to CRLI on the administration of the THF altered. In particular businesses would like the guidance that deducts any wage subsidy received during an Alert Level 3 or 4 event from a business’ payment from the THF removed, and the

backdating of the THF to 1 February 2021 extended further back to the beginning of the C3 contract.

We will work with CRL and Auckland Council to seek further feedback from affected businesses.

*Next steps*

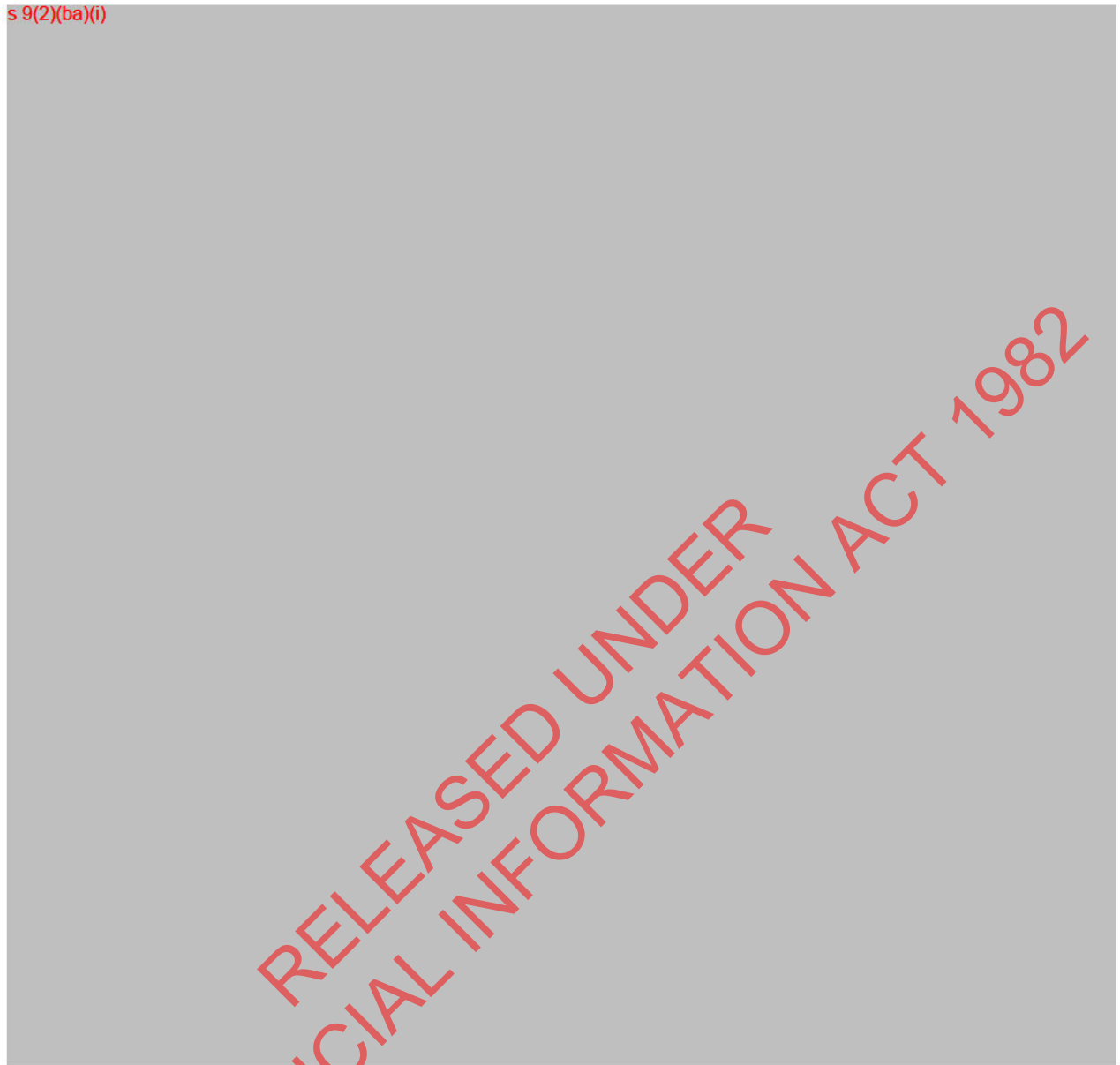
s 9(2)(ba)(i) [Redacted]  
[Redacted]  
[Redacted]

We will continue to progress the review with consideration of the existing feedback and additional feedback once this has been received. At this stage Ministers can expect findings of the review to inform a draft Cabinet paper in Quarter 3 2022/23.

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## Appendix 2: Update on Health and Safety

s 9(2)(ba)(i)



### Graph 1: Injuries by classification and TRIFR (per million hours)

s 9(2)(ba)(i)





# Appendix 3: Meeting with the City Rail Link Limited’s Chair and Chief Executive on 29 November 2022

## Snapshot

Minister Wood is scheduled to meet with City Rail Link Limited’s (CRL) Chair and Chief Executive on 29 November 2022. To support this meeting, we have provided some suggested talking points.

Minister Wood last met with the CRL Chair and Chief Executive on 12 October 2022. Topics discussed included:

- an update on the CRL budget and schedule, including urban development and Link Alliance negotiations. s 9(2)(ba)(i)
- health and safety, and
- a discussion on development opportunities.

Note that these talking points have been prepared on the basis that a joint meeting between all Sponsors and CRL (as requested by CRL in their letter of 16 November) **has not been held prior to this meeting.**

Time and date	03.00pm, 29 November 2022
Venue	Zoom
Attendees	Sir Brian Roche, Chair of the CRL Board Dr Sean Sweeney, Chief Executive of CRL
Officials attending	Allan Prangnell, Deputy Chief Executive, System Performance and Governance Sarah Polaschek, Manager, Governance
Agenda	<b>Item 1:</b> Update on the City Rail Link budget and schedule <b>Item 2:</b> Day One Readiness <b>Item 3:</b> Targeted Hardship Fund <b>Item 4:</b> Workforce update (including health and safety).
Talking points	Included below as Annex 1

## Annex One: Talking Points

City Rail Link Performance Update to 30 September 2022	
Item	Proposed talking points
Update on the City Rail Link budget and schedule	<ul style="list-style-type: none"> <li>• Thank you for your letter of 16 November 2022 requesting a joint meeting with Sponsors.</li> <li>• s 9(2)(ba)(i), s 9(2)(g)(i)</li> <li>• If no joint meeting has been arranged:               <ul style="list-style-type: none"> <li>○ <b>If you are still considering a joint meeting:</b> you may wish to invite the Chair to explain his request for a joint meeting and ask what alternative action CRLC will take should a meeting not occur</li> <li>○ <b>If the joint meeting is not proceeding</b> you may wish to discuss next steps with the Chair (such as inviting him to write to Sponsors in lieu of a joint meeting).</li> </ul> </li> <li>• s 9(2)(ba)(i), s 9(2)(f)(iv)</li> </ul>
Day One readiness	<ul style="list-style-type: none"> <li>• s 9(2)(ba)(i)</li> <li>• s 9(2)(ba)(i)</li> <li>• Do you need any additional support from either myself or my officials to help ensure Day One is a success?</li> </ul>
Targeted Hardship Fund (THF)	<ul style="list-style-type: none"> <li>• As CRLC administer the THF with TSA, you may wish to discuss seeking additional feedback from affected businesses.</li> </ul>
Workforce update (including health and safety)	<ul style="list-style-type: none"> <li>• s 9(2)(ba)(i)</li> <li>•</li> <li>•</li> </ul>

s 9(2)(ba)(i), s 9(2)(g)(i)

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23 November 2022

OC221015

Hon Michael Wood  
Minister of Transport

## MINISTER OF TRANSPORT MEETING WITH WAKA KOTAHI NZ TRANSPORT AGENCY CHAIR AND CHIEF EXECUTIVE - 29 NOVEMBER 2022

### Snapshot

You are meeting with the Chair and Chief Executive of Waka Kotahi NZ Transport Agency (Waka Kotahi) on Tuesday, 29 November at 3:30pm. This briefing contains advice and talking points to support your engagement.

<b>Time and date</b>	3:30-4:30pm, Tuesday 29 November 2022
<b>Venue</b>	Zoom
<b>Attendees</b>	Sir Brian Roche, Chair of the Waka Kotahi Board Nicole Rosie, Chief Executive of Waka Kotahi
<b>Officials attending</b>	Allan Prangnell, Deputy Chief Executive, System Performance and Governance Sarah Polaschek, Manager, Governance Brett Thomson, Principal Adviser, Governance Emma Petrenas, Adviser, Governance
<b>Agenda</b>	1. Strategic update 2. Reflection on performance over 2021/22 3. Update on Chair appointment
<b>Appendices</b>	Appendix One – Talking points to support your meeting Appendix Two - 2021-22 Annual performance update on Waka Kotahi NZ Transport Agency (OC220874)

### Contacts

Name	Telephone	First contact
Sarah Polaschek, Manager, Governance	s 9(2)(a)	<input type="checkbox"/>
Brett Thomson, Principal Adviser, Governance		
Emma Petrenas, Adviser, Governance		

**MINISTER OF TRANSPORT MEETING WITH WAKA KOTAHI NZ  
TRANSPORT AGENCY CHAIR AND CHIEF EXECUTIVE -  
29 NOVEMBER 2022**

**Agenda item one: Strategic Update**

1 This is an opportunity to discuss key items with Waka Kotahi. The Ministry has provided an update to support you around a range of emerging and relevant items to support your discussion with the Chair and Chief Executive of Waka Kotahi.

**Waka Kotahi engagement with Councils**

2 Waka Kotahi has indicated it recently met with elected members and local government representatives to provide an update around the National Land Transport Programme (NLTP), included revised investment targets for all activity classes.

3 The Chief Executive of Waka Kotahi sent a letter to all Councils noting the Board recently reviewed investment targets for all activity classes in the 2021-2024 NLTP. It has communicated forecast revenue for the period is estimated to be \$600 million down on what was projected back in August 2021. Based on projected funding demand from recent council and current forecast revenue, investment limits have been reduced for the following activity classes:

- Public Transport Infrastructure
- Walking and Cycling
- Local Road Improvements
- Road to Zero Activity
- Investment Management

4 The Ministry recommends you seek an update from Waka Kotahi on any emerging themes from its engagement with Councils.

**Long-term funding sustainability**

5 s 9(2)(f)(iv) [Redacted]  
[Redacted]  
[Redacted] This advice seeks in-principle decisions on your intended revenue and expenditure pathway for the National Land Transport Fund (NLTF) and will provide certainty to ensure sustainability over the next ten years.

6 s 9(2)(f)(iv) [Redacted]  
[Redacted]  
[Redacted] The Ministry notes Waka Kotahi had \$2.3 billion of loan facilities available to it as at 30 June 2022.

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

8





s 9(2)(f)(iv)

***Fees and funding review***

- 9 The Ministry is working towards providing a draft Cabinet paper for your consideration in February 2023. This will support decisions around changes to regulatory fees, charges, and levy rates within land transport from 1 October 2023.
- 10 Waka Kotahi has submitted its Cost Recovery Impact Statement (CRIS) to the Ministry's CRIS panel for consideration. Once finalised this will be appended to the draft Cabinet paper.
- 11 You have agreed with the recommendations outlined in OC220881 – Ministry of Transport view on Waka Kotahi's Section 9(1A) funding request. This is awaiting a decision from the Minister of Finance. This will inform proposed changes to fees for both the draft Cabinet paper and CRIS.

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## Agenda item two: Reflection on performance over 2021/22

- 12 The Ministry provided advice to you recently outlining the performance of Waka Kotahi in 2021/22 (refer to **Appendix Two**). The Ministry notes Waka Kotahi is working through significant growth in capability and capacity, delivering within challenging operating conditions, and working within a broader strategic context.
- 13 Waka Kotahi has made good progress in several areas through 2021/22. The Ministry has identified several areas for improvement.
- 14 Increased expectations placed on Waka Kotahi means that there is a heightened risk that performance and delivery issues will impact the ability of Waka Kotahi (and land transport more widely) to achieve its strategic objectives and meet expectations to which it has publicly committed.
- 15 Public interest in land transport is heightened due to ongoing work related to significant procurements, roading surface maintenance, significant infrastructure works, cost escalations, ongoing consideration of speed reviews, behavioural change activities to support mode shift, and initiatives to support responding to the Emissions Reduction Plan (ERP).
- 16 This meeting is an opportunity for you to reflect on the annual performance of Waka Kotahi. s 9(2)(f)(iv)  
  
  
  

- 17 Waka Kotahi has started work to draft its 2023/24 Statement of Performance Expectation (SPE) for your comment by 30 April 2023. Waka Kotahi has indicated its approach for the draft SPE will focus on providing clarity around strategic direction and prioritisation, focusing on communicating key priorities.
- 18 The Ministry has included talking points in **Appendix One** to support your discussion around annual performance of Waka Kotahi.

### Agenda item three: Update on Chair appointment

- 19 In response to briefing OC220966, you have agreed to progress Dr Paul Reynolds for appointment as the new Chair of Waka Kotahi. The Ministry of Transport (the Ministry) has consulted with the updated list of representative stakeholders within the land transport sector regarding the proposed appointment, as required under section 98(2) of the Land Transport Management Act 2003. The Ministry is also undertaking referee and other background checks for Dr Reynolds.
- 20 The Ministry will provide you with a briefing summarising the results of consultation and due diligence by 24 November 2022 and include a draft Cabinet paper for your consideration if there are no issues. Subject to Ministerial consultation, the proposed appointment could be lodged and considered by Cabinet's Appointment and Honours (APH) Committee on 7 or 14 December 2022. The Ministry will also discuss with Sir Brian and Dr Reynolds the best starting date if the APH Committee confirms the proposed appointment.
- 21 s 9(2)(f)(iv) [REDACTED]

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## Appendix One – Talking points to support your meeting with Waka Kotahi

Item	Talking Points
Strategic update	<p><b>Engagement with Councils</b></p> <ul style="list-style-type: none"> <li>• Can you please update me on any key themes from your recent engagement with Councils?</li> </ul> <p><b>Long-term funding sustainability</b></p> <ul style="list-style-type: none"> <li>• s 9(2)(f)(iv) [REDACTED]</li> </ul> <ul style="list-style-type: none"> <li>• I acknowledge the pressures placed on the Board. I am currently considering advice on the Revenue Review of Land Transport and will update you as decisions are made.</li> </ul> <p><b>Fees and funding review (if asked)</b></p> <ul style="list-style-type: none"> <li>• You may like to update the Board around decisions on its regulatory section 9(1A) funding request.</li> </ul>
Reflection on annual performance for 2021/22	<p><b>Understanding of performance</b></p> <ul style="list-style-type: none"> <li>• I understand Waka Kotahi achieved approximately 60% of performance measures and 33% of significant capital project milestones in 2021/22. I would like to seek a better understanding of how Waka Kotahi view performance over the past year, noting the unique challenging operating conditions.</li> <li>• I understand the last three years have been difficult for all of us. I look forward to seeing performance improvements throughout the 2022/23 period as pressures associated with COVID-19 and the impact of other international events start to ease.</li> </ul> <p><b>Acknowledge areas of good performance</b></p> <ul style="list-style-type: none"> <li>• Response to emergency works</li> <li>• Embedding Te Kāpehu – tō mātou anga rautaki’ (the Agency’s strategic framework)</li> <li>• Development of capability and capacity to respond to broader responsibilities and expectations.</li> </ul>

Item	Talking Points
	<p><b>Acknowledge areas of improvement</b></p> <ul style="list-style-type: none"> <li>• Road to Zero, noting 333 deaths year-to-date 22 November 2022</li> <li>• Maintenance</li> <li>• Cost management.</li> </ul> <p>s 9(2)(f)(iv) [Redacted]</p> <ul style="list-style-type: none"> <li>• [Redacted]</li> </ul> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
Update on Chair appointment	<p><b>Chair appointment update</b></p> <ul style="list-style-type: none"> <li>• I have agreed to submit a paper to be considered by Cabinet's Appointment and Honours Committee on 7 or 14 December 2022</li> <li>• s 9(2)(g)(f), s 9(2)(ba)(i) [Redacted]</li> </ul>

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Document 33

24 November 2022

OC221031

Hon Michael Wood  
Minister of Transport

Action required by:  
Monday, 28 November 2022

## WAKA KOTAHI NZ TRANSPORT AGENCY: CABINET PAPER TO PROGRESS CHAIR APPOINTMENT

### Purpose

Seek your agreement to lodge the attached paper (**Appendix One**) for the Cabinet Appointments and Honours (APH) Committee, outlining your intention to appoint Dr Paul Reynolds as Chair of the Waka Kotahi NZ Transport Agency (Waka Kotahi).

### Key points

- In response to briefing OC220966, you agreed to progress the appointment of Dr Paul Reynolds as the Chair of the Waka Kotahi Board for a three-year term.
- The Ministry has undertaken consultation on your behalf with the updated list of representative stakeholders within the land and transport sector regarding the proposed appointment, as required under section 98(2) of the Land Transport Management Act 2003. s 9(2)(g)(i) and s 9(2)(ba)(1) A summary of the feedback is attached as **Annex One**.
- We are also undertaking referee and other background checks for Dr Reynolds and have so far found no issues. A summary of the background checks completed is attached as **Appendix Two**.
- Subject to Ministerial consultation, the proposed appointment could be lodged and considered by the APH Committee on either 7 or 14 December 2022. The Ministry will discuss with Sir Brian Roche and Dr Reynolds the best date for the new Chair to start, if the APH Committee and Cabinet confirm the proposed appointment. We will also provide you with talking points for the APH Committee, an appointment letter and thank you letter for Sir Brian, and Gazette notice to finalise the appointment.
- s 9(2)(f)(iv)

**Recommendations**

We recommend you:

1 **lodge** the attached Cabinet paper (**Appendix One**) by either:

10.00am on 1 December 2022, so that it may be considered at the APH Committee meeting on 7 December 2022 Yes / No

**OR**

10.00am on 8 December 2022, so that it may be considered at the APH Committee meeting on 14 December 2022 Yes / No

2 **note** the Ministry will provide you with talking points for the APH Committee meeting, as well as appointment and thank you letters and Gazette notice if the appointment is confirmed by the APH Committee and Cabinet.



Sarah Polaschek  
**Manager, Governance**  
 24 / 11 / 2022

Hon Michael Wood  
**Minister of Transport**  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Allan Prangnell, Deputy Chief Executive, System Performance and Governance	s 9(2)(a)	
Sarah Polaschek, Manager, Governance		✓
Tina Collins, Advisor, Governance		
Wayne Church, Contracted Advisor, Governance		

## ANNEX ONE

### Industry Consultation Summary

- 1 As noted in an earlier briefing (OC22096 refers), the following organisations have been consulted as part of the industry consultation process required by section 98(2) of the Land Transport Management Act 2003:

Organisations consulted		
Amalgamated Workers Union NZ	Auckland Transport	Automobile Association
Bus and Coach Association	Civil Contractors New Zealand	Cycling Action Network of NZ
FIRST Union	KiwiRail	Living Streets Aotearoa
Local Government New Zealand	Motor Industry Association	Motor Trade Association
New Zealand Council of Trade Unions	New Zealand Haulage Association	Port Chief Executives Group
Rail and Maritime Transport Union	Ia Ara Transporting New Zealand (Road Transport Forum)	Taxi Federation
Tramways Union		

- 2 In response, the Ministry received feedback from s 9(2)(g)(i) and s 9(2)(ba)(i)

- 3 The following specific comments were made:

s 9(2)(g)(i) and s 9(2)(ba)(i)

4

In response to the above comments, the Ministry notes <sup>s 9(2)(g)(i)</sup>  
<sup>s 9(2)(g)(i)</sup>

5

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Appointment In Confidence

Office of the Minister of Transport

Chair, Cabinet Appointments and Honours Committee

## WAKA KOTAHI NZ TRANSPORT AGENCY: CHAIR APPOINTMENT

### Proposal

- 1 This paper outlines my intention to appoint Dr Paul Reynolds as a member and Chair of the Waka Kotahi NZ Transport Agency (Waka Kotahi) Board for a three-year term commencing on the date of appointment.

### Background

- 2 Waka Kotahi is a Crown agent under the Crown Entities Act 2004 and established by the Land Transport Management Act 2003 (the Act). Its core functions are:
  - 2.1 planning land transport networks
  - 2.2 investing in land transport
  - 2.3 managing the State highway network
  - 2.4 providing access to and use of, the land transport system.
- 3 Waka Kotahi's statutorily independent functions are to:
  - 3.1 determine whether certain activities should be included in the National Land Transport Programme
  - 3.2 approve activities as qualifying for payment from the National Land Transport Fund
  - 3.3 approve procurement procedures for land transport activities
  - 3.4 issue or suspend any land transport document or authorisation
  - 3.5 enforce any provisions relating to its functions.
- 4 Under section 98 of the Act, the Waka Kotahi Board must have at least seven, but no more than nine members appointed by the Minister of Transport. Under Schedule 5 of the Crown Entities Act 2004, the responsible Minister may appoint one of the members as Chairperson.
- 5 There are currently nine members of the Waka Kotahi Board, including the Chair. A list of the current membership is attached.

**Comment**

- 6 I intend to appoint Dr Paul Reynolds as a member and Chair of the Waka Kotahi Board. Sir Brian Roche's term as Chair of the Board expired on 10 June 2022 and he has indicated he will step down from the Board once a replacement is appointed and ready to take over.
- 7 The next Chair will need to guide Waka Kotahi through a range of complex issues. These include:
- 7.1 climate change, which will necessitate a shift in the entity's direction, priorities, culture and operations
  - 7.2 management of the National Land Transport Fund during a challenging economic period, and overseeing Waka Kotahi's contribution to the Future of Revenue programme
  - 7.3 delivery of the Government Policy Statement on Land Transport and National Land Transport Programme, noting constraints and financial pressures within the construction sector
  - 7.4 delivery of the regulatory funding review and resultant changes within the regulatory function
  - 7.5 managing the performance of the Waka Kotahi Chief Executive and management, and supporting the organisation as it evolves
  - 7.6 understanding and appreciating the various interests and transport needs of different communities across the country.
- 8 Given this context, the next Chair needs to be a highly experienced governor who can navigate complex and ambiguous environments, ask the right questions of management, drive the development of strategy, build consensus and manage a diverse range of stakeholders effectively. They will also need to be prepared to make difficult trade-offs, and front issues for the organisation.

*Dr Paul Reynolds*

- 9 I consider that Dr Paul Reynolds has a strong understanding of the challenges and opportunities facing both Waka Kotahi and the transport system and a vision for the future. These challenges include funding, climate change, giving effect to delivery across multiple modes of transport, regulation, and social equity issues such as accessibility. Based in Gisborne, he appreciates the specific transport challenges experienced in regional New Zealand. As Chair, he would aim to work collaboratively across agencies and bring people together to solve problems. He understands Waka Kotahi's regulatory role and would ensure a continued focus at the Board level. He also has a detailed understanding of Te Tiriti o Waitangi and Te Ao Māori from his current work with Manaaki Whenua and AgResearch as well as from a previous role as Chair of Trust Tairāwhiti.



- 10 Dr Paul Reynolds is an experienced public sector leader and governance professional. He is currently Chair of Toitū Envirocare, Chair of AgResearch and Deputy Chair of Manaaki Whenua – Landcare Research. Previously he served as Chief Executive of the Ministry for the Environment for seven years and held senior policy positions at the Ministry of Research, Science and Technology and the Ministry of Agriculture and Forestry. Prior to this, Dr Reynolds had a scientific research career. He holds a PhD in Biochemistry from the University of Otago. In 2018 he received the Companion of the Queen's Service Order award.

*Three other board members' terms have expired*

- 11 The terms of Cassandra Crowley, Victoria Carter and Catherine Taylor expired in September 2022. They have continued to serve on the Board under section 32(3) of the Crown Entities Act 2004. <sup>s 9(2)(f)(iv)</sup>

### **Representativeness of appointment**

- 12 I am satisfied the appointment of Dr Reynolds as Chair will provide for a well-balanced board in terms of gender, ethnicity, age, geographic representation, and an appropriate mix of skills and experience. His appointment will result in the Board having five men and four women, one Māori member (Ngāti Whātua Ōrākei), and a geographic spread from Auckland to Christchurch, including Tasman, Wellington and Gisborne. Dr Reynolds's appointment would strengthen the Board's regulatory and environmental capabilities, as well as offering an additional perspective from regional New Zealand.

### **Remuneration**

- 13 The Board is classified as a Group 3a Level 1 Governance Board under the Cabinet Fees Framework. The current fee for the Chair is \$71,400 per annum, which is consistent with the Fees Framework.

### **Appointment process and consultation**

- 14 I can confirm an appropriate process has been followed in selecting the proposed appointee, in terms of the Te Kawa Mataaho Public Service Commission's *Board Appointments and Induction Guidelines*. In summary, that process included:

- 14.1 public advertising of the Chair role, including a detailed position description, on the Ministry of Transport's website, LinkedIn and The Treasury's Board Appointments Database
- 14.2 seeking nominations from a variety of sources including the Ministry for Women, Te Puni Kōkiri, Ministry for Pacific Peoples, Ministry for Ethnic Communities, Office for Disability Issues, Public Service Commission, caucus colleagues and other networks

- 14.3 identifying suitable candidates and undertaking due diligence interviews, referee and other background checks, as well as caucus and Ministerial consultation.
- 15 In addition, section 98(2) of the Act requires that “the responsible Minister must not appoint a board member unless he or she has consulted with the persons, representative groups within the land transport sector or elsewhere, government departments, and Crown entities that he or she considers appropriate.” In accordance with this section, the Ministry of Transport has on my behalf consulted with Auckland Transport, the New Zealand Automobile Association, Bus and Coach Association New Zealand, Civil Contractors New Zealand, Cycling Action Network of New Zealand, FIRST Union, KiwiRai, Living Streets Aotearoa, Local Government New Zealand, Motor Industry Association of New Zealand, Motor Trade Association, New Zealand Council of Trade Unions, New Zealand Heavy Haulage Association, Port Chief Executives Group, Rail and Maritime Transport Union of New Zealand, Ia Ara Aotearoa Transporting New Zealand (formerly the Road Transport Forum), New Zealand Taxi Federation, Toll Group, and the Tramways and Public Transport Employees Union s 9(2)(g)(i) and s 9(2)(ba)(i)
- s 9(2)(g)(i) and s 9(2)(ba)(i)

### Conflicts of interest

- 16 I can confirm appropriate enquiries concerning conflicts of interest have been carried out, in accordance with the Te Kawa Mataaho Public Service Commission’s *Board Appointments and Induction Guidelines*, to identify any conflict of interest that could reasonably be identified. Dr Reynolds has no conflicts of interest.
- 17 The Waka Kotahi Board has strategies in place to manage any conflicts of interest which may arise, including relevant board members withdrawing from discussions where appropriate. Any conflicts which may arise can be managed in accordance with Waka Kotahi’s existing practices.

### Timing and Publicity

- 18 A media statement may be issued if the appointment is confirmed, and Dr Reynolds has been notified.

### Recommendation

- 19 It is recommended the Committee notes my intention to appoint Dr Paul Hugh Stewart Reynolds as a member and Chair of the Waka Kotahi Board for a three-year term of office commencing on the date of appointment, to replace Sir Brian Roche’s position as a member and Chair.

Authorised for lodgement

Hon Michael Wood

Minister of Transport

# APH Organisation Form

All sections must be completed.

## Organisation and Responsible Portfolio

**Waka Kotahi NZ Transport Agency – Transport**

### Brief Outline of the Functions and Responsibilities of the Organisation

Waka Kotahi NZ Transport Agency (Waka Kotahi) is a Crown agent under the Crown Entities Act 2004.

Waka Kotahi aims to undertake its functions in a way that contributes to an effective, efficient and safe land transport system in the public interest. Its functions include managing the State highway system, managing funding of the land transport system, and managing regulatory requirements for transport on land. Waka Kotahi has statutory responsibility for allocating funding from the National Land Transport Fund, which is the main central government funding source for the land transport system.

### Current Membership

Name	Gender Identity*	Region	Ethnicities (and Iwi if applicable)	Date of original appointment	Expiry date of present term
Sir Brian Roche (Chair)	M	Wellington	NZ European	11/06/2019	10/06/2022
Cassandra Crowley (Dep. Chair)	F	Wellington	NZ European	17/09/2019	17/09/2022
Hon Tracey Martin	F	Wairarapa	NZ European	12/11/2021	31/10/2024
Patrick Reynolds	M	Auckland	NZ European	17/09/2019	31/03/2024
Catherine Taylor	F	Tasman	NZ European	17/09/2019	17/09/2022
Victoria Carter	F	Auckland	NZ European	17/09/2019	17/09/2022
David Smol	M	Wellington	NZ European	01/02/2019	31/03/2024
John Bridgman	M	Canterbury	NZ European	01/07/2020	31/10/2024
Ngarimu Blair	M	Auckland	NZ Māori (Ngāti Whātua Ōrākei)	12/11/2021	31/10/2024

# Candidate CV Form

Sections with \* must be completed.

This form should be completed by, or in consultation with, the candidate where possible.

<b>Name*</b> (family name in upper case; include title if appropriate)	Dr Paul Hugh Stewart (Paul) REYNOLDS
------------------------------------------------------------------------------	--------------------------------------

## The Position

<b>Organisation/Entity*</b>	Waka Kotahi NZ Transport Agency
<b>Position *</b> (chair/member etc.)	Chair and member
<b>Term*</b>	Three years from the date of appointment
<b>Payment*</b> (per day /per year)	\$71,400 per annum

## How the Candidate Meets the Needs of the Position

<b>Skills and attributes the candidate will bring to the position*</b> (e.g. business skills, community involvement, cultural awareness, regional perspective – as relevant to the needs of the position)	<p>Dr Paul Reynolds has a strong understanding of the challenges and opportunities facing both Waka Kotahi and the transport system and vision for the future. As Chair, he will aim to work collaboratively across agencies and bring people together to solve problems. He understands Waka Kotahi's regulatory role and would ensure a continued focus at the Board level. He also has a detailed understanding of Te Tiriti o Waitangi and Te Ao Māori from his current work with Manaaki Whenua and AgResearch as well as from a previous role as Chair of Trust Tairāwhiti.</p> <p>Dr Reynolds is an experienced public sector leader and governance professional. He is currently Chair of Toitū Envirocare, Chair of AgResearch and Deputy Chair of Manaaki Whenua – Landcare Research. Previously he served as Chief Executive of the Ministry for the Environment for seven years and held senior policy positions at the Ministry of Research, Science and Technology and the Ministry of Agriculture and Forestry. Prior to this, Dr Reynolds had a scientific research career. He holds a PhD in Biochemistry from the University of Otago. In 2018 he received the Companion of the Queen's Service Order award.</p>
<b>Possible conflicts of interest*</b>	None.

<b>Proposals for conflict management</b> (if applicable)	The Waka Kotahi Board has strategies in place to manage any conflicts of interest which may arise, including relevant board members withdrawing from discussions where appropriate. Any additional conflicts that may arise can be managed in accordance with Waka Kotahi's existing practices.
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## The Candidate

<b>Name*</b> (family name in upper case; include title if appropriate)	Dr Paul Hugh Stewart (Paul) REYNOLDS	
<b>Address</b>	s 9(2)(a)	
<b>Ethnicity(s)</b>	NZ European/Pākehā	
<b>Age range*</b>	60+	
<b>Gender*</b>	M	
<b>Current or most recent Employment*</b> (specify position and employer, include years)	<b>Previous</b> <ul style="list-style-type: none"> <li>• Chief Executive and Secretary for the Environment, Ministry for the Environment.</li> <li>• Deputy Director General (Policy), Ministry of Agriculture and Forestry.</li> <li>• Chief Policy Adviser at the Ministry of Research, Science and Technology.</li> </ul>	<b>Date</b> 2008 – 2015  2002 – 2008  1998 – 2002
<b>Government board appointments held*</b> (current and previous, include years)	<b>Current</b> <ul style="list-style-type: none"> <li>• Chair, AgResearch Ltd.</li> <li>• Chair, Toitu Envirocare (wholly owned subsidiary of Landcare Research).</li> <li>• Deputy Chair, Manaaki Whenua Landcare Research.</li> </ul> <b>Previous</b> <ul style="list-style-type: none"> <li>• Director, AgResearch Ltd.</li> </ul>	<b>Date</b> 2019 – present 2018 – present 2015 – present  2015 – 2019
<b>Private and/or voluntary sector board appointments held*</b> (current and previous, include years)	<b>Current</b> <ul style="list-style-type: none"> <li>• Director, OSPRI New Zealand Ltd.</li> <li>• Chair, Student Volunteer Army Foundation.</li> </ul>	<b>Date</b> 2022 – present 2020 – present

	<p><b>Previous</b></p> <ul style="list-style-type: none"> <li>• Chair, Trust Tairāwhiti.</li> <li>• Trustee, Trust Tairāwhiti.</li> <li>• Chair, Sir Peter Blake Trust.</li> </ul>	<p>2019 – July 2022</p> <p>2015 –2019</p> <p>2008 – 2021</p>
<p><b>Qualifications and experience</b> (include significant work history and community involvement)</p>	<p><b>Qualifications</b></p> <ul style="list-style-type: none"> <li>• PhD, University of Otago.</li> <li>• BSc (Hons), University of Otago.</li> </ul> <p><b>Awards</b></p> <ul style="list-style-type: none"> <li>• Companion of The Queen’s Service Order (QSO) for services to the State.</li> <li>• Certificate in Company Direction, Institute of Directors.</li> <li>• Watson Victor Award for Biochemistry.</li> <li>• Bi-Centennial Medal for contribution to New Zealand Science</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>• Executive Fellows Programme, Australia New Zealand School of Government.</li> <li>• More than ten years of scientific management and leadership experience; and 17 years of senior management experience, including 7 years as a Public Service Chief Executive.</li> </ul>	<p><b>Date</b></p> <p>1981</p> <p>1977</p> <p>2018</p> <p>2013</p> <p>1996</p> <p>1990</p> <p>2003</p>

Use further pages, if required.

**Date: 21 / 11 / 2022**

Ethnicity, age and gender information is collected for statistical collation by Te Kawa Mataaho - Public Service Commission, Ministry for Women, and the Ministry for Ethnic Communities.

**BACKGROUND CHECK SUMMARY - APPOINTMENT**

**Date Prepared:** 24 November 2022

**Candidate:** Paul Hugh Stewart Reynolds

**Position being considered for:** Chair, Waka Kotahi (NZTA) Board

**Candidate contact details for questions:** s 9(2)(a)

**Ministry of Transport contact for questions:** Tina Collins, Adviser, Governance

Below is a summary of the information currently received as part of the appointee background checks. These checks are carried out in addition to candidate interviews, and referee checks and are completed by a CVCheck - a third party provider.

**Check Status:** Partial result received

Type of Check	Information Received from provider	Issues Identified
Qualification Check	Yes	No
Bankruptcy Check	Yes	No
Anti-Money Laundering Check	Yes	No
Criminal Record and Traffic Check	Yes	No
Identity Check	Yes	No
Disqualified Directors Check	Yes	No
Directorship and Shareholdings Check	Yes	No
Financial Services Providers Register	Yes	No
NZ Gazette Online	Yes	No
NZ Traffic Demerit Point and Suspensions Report	Not yet	
NZ Personal Property Securities Register	Yes	No
NZ Court Search	Yes	No
NZ Global Media Search	Yes	No
NZ Credit Check	Yes	No



24 November 2022

OC221002

**Hon Michael Wood**  
**Minister of Transport**

## **MEETING WITH THE TRANSPORT ACCIDENT INVESTIGATION COMMISSION'S CHIEF COMMISSIONER AND CHIEF EXECUTIVE - 29 NOVEMBER 2022**

### **Snapshot**

You are meeting with the Transport Accident Investigation Commission's (TAIC or the Commission) Chief Commissioner and Chief Executive on 29 November 2022. To support you in your meeting, the Ministry of Transport (the Ministry) has provided discussion items and talking points for your consideration.

TAIC would like to discuss work underway with the Australian Transport Safety Bureau, as well as your proposed visit next year. We also recommend you use this time to receive an update on discussions regarding s 9(2)(f)(iv)

<b>Time and date</b>	<b>12:30-1:00pm, 29 November 2022</b>
<b>Venue</b>	Zoom
<b>Attendees</b>	Jane Meares, Chief Commissioner, TAIC Martin Sawyers, Chief Executive, TAIC Naveen Mathew Kozhupakalam, Chief Investigator of Accidents, TAIC
<b>Officials attending</b>	Allan Prangnell, Deputy Chief Executive, System Performance and Governance Jono Reid, Principal Adviser, Governance
<b>Agenda</b>	1. Recent inquiries 2. s 9(2)(f)(iv) 3. Work with the Australian Transport Safety Bureau 4. Other business

### **Contacts**

Name	Telephone	First contact
Allan Prangnell, Deputy Chief Executive, System Performance and Governance	s 9(2)(a)	
Sarah Polaschek, Manager, Governance		✓
Jono Reid, Principal Adviser, Governance		

# MEETING WITH THE TRANSPORT ACCIDENT INVESTIGATION COMMISSION'S CHIEF COMMISSIONER AND CHIEF EXECUTIVE - 29 NOVEMBER 2022

## Key points

- You are meeting with Jane Meares (Chief Commissioner), Martin Sawyers (Chief Executive) and Naveen Mathew Kozhupakalam (Chief Investigator of Accidents) from TAIC on 29 November 2022.
- Your last meeting with TAIC's Chief Commissioner and Chief Executive was on 12 October 2022.

## Item One: Recent inquiries

*TAIC has published one inquiry report since your last meeting*

- 1 TAIC recently published a report into a mid-air collision between a Cessna 185 and a Tecnam P2002 near Hood Aerodrome (Masterton), on 16 June 2019<sup>1</sup>. The planes collided on approach to the Aerodrome, resulting in both planes crashing and the pilots dying.
- 2 TAIC has conducted three inquiries into mid-air collisions at unmanned aerodromes over the past 15 years - they all share the following similarities:
  - 2.1 good weather conditions
  - 2.2 pilots making appropriate radio calls, including updating their location and intentions
  - 2.3 pilots being familiar with the aerodrome and procedures
  - 2.4 each collision involving a pilot who held a commercial pilot's license or higher qualification.
- 3 As a result, this investigation found common safety issues across the three collisions, including pilots not actively listening to radio calls from other aircraft, and the adequacy of training and support of aerodrome managers, especially at unattended aerodromes. Pilot experience may also have been a common factor.
- 4 TAIC issued five recommendations to the Civil Aviation Authority for action. We understand that the Authority has accepted the recommendations.

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<sup>1</sup> Available at <https://www.taic.org.nz/inquiry/ao-2019-006>

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### **Item 3: Work with the Australian Transport Safety Bureau**

- 11 TAIC has indicated that it would like to provide an update about ongoing work with the Australian Transport Safety Bureau, which includes peer reviewing each other's reports. TAIC committed to this initiative, following some public criticism last year about inquiry quality. It was also an identified activity within the 2022 Monitoring Programme.
- 12 Once an inquiry is opened, TAIC's management of that inquiry is a statutorily independent function and there are very limited parties who can access or assess the quality of TAIC's processes. A peer review by a partner agency was agreed as the most appropriate course of action as an assurance mechanism for inquiry quality.
- 13 TAIC has previously indicated that resourcing constraints would mean that work on this matter would begin in 2023. One peer review is currently underway, and TAIC is planning for another review this financial year. TAIC ultimately anticipates that two or three of its reports will be peer reviewed by the Australian Transport Safety Bureau each year.

#### **Suggested Talking Points**

- The Ministry recommends that you note TAIC's quality assurance initiative and discuss any expectations you may have.

### **Item Four: Other business**

- 14 TAIC has indicated that it would like to talk about your upcoming visit to their offices. We understand that you are tentatively booked to visit them in March 2023.



Document 35  
OC220848

28 November 2022

**Hon Kieran McAnulty**

**Associate Minister of Transport**

cc Hon Michael Wood

Minister of Transport

## **FUNDING APPROVAL FOR REPLACEMENT OF TERMINAL ROOF AT WHANGANUI AIRPORT**

### **Purpose**

To seek your approval for funding a replacement roof of the Whanganui Airport Terminal.

### **Key points**

- The Whanganui Airport (the Airport) is one of five joint venture airports where the Crown has an ownership interest and has a contractual commitment to fund 50% of capital expenditure and operating losses.
- The Ministry of Transport (the Ministry) has received a capital expenditure funding request from the Airport to replace the roof of the airport terminal.
- The current terminal roof has been subject to substantial water damage due to its flat design. This water damage has resulted in water pooling on the roof surface, large leaks within the terminal building and catastrophic failure of ceiling tiles in areas where airport passengers, airport staff and airline staff congregate.
- Under the joint venture deed between the Whanganui District Council and the Crown, the Crown is liable to pay 50% of the estimated capital cost of \$898,600 for replacing the terminal building roof. This is based on an estimated cost of \$718,850 for the roof replacement, plus a 25% contingency, which will only to be accessed if the Council meets the requirements approved by you. We are requesting that you delegate the approval of any release of contingency to the Secretary for Transport. The total cost to the Crown is estimated to be \$449,300.
- There is an existing multi-year appropriation ending in June 2023 for the joint venture airports that the Ministry administers (the Appropriation) and there are currently sufficient funds to cover this expenditure.

**Recommendations**

We recommend you:

- 1 **approve** the Crown's obligation to pay up to \$449,300 towards replacing the roof of the Whanganui Airport terminal building (subject to the submission of invoicing). Yes / No
- 2 **approve** \$90,000 of the funding in recommendation 1 be set aside as contingency funding to be accessed if the Council meets contingency access requirements, which are:
  - The Council provides a comprehensive cost estimate once the tender process has been completed and tenders assessed. Yes / No
  - The Council provides a detailed explanation (including costs) of why contingency funding is required if it requests access to the contingency.
- 3 **approve** the contingency to be managed by the Ministry of Transport, including the release of funding by the Secretary of Transport where contingency access requirements have been met. Yes / No
- 4 **note** that based on currently available information, there are no appropriation changes required and there is sufficient funding in place to meet the above obligation.

*James O'Donnell*

James O'Donnell  
**Acting Manager, Programme Assurance and Commercial**  
 ..21/ ..11 / 2022

Hon Kieran McAnulty  
**for the Minister of Transport**  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
James O'Donnell, Acting Manager, Programme Assurance and Commercial	s 9(2)(a)	✓
Cameron Elliott, Adviser, Programme Assurance and Commercial		

## FUNDING APPROVAL FOR REPLACEMENT OF TERMINAL ROOF AT WHANGANUI AIRPORT

### Background

- 1 A request has been received from the Whanganui Airport (the Airport) to the Crown (as a joint venture partner) for funding of \$449,300 for an unbudgeted roof replacement of the Airport terminal building.
- 2 Under the 1956 Joint Venture Deed between the Crown and the Whanganui District Council (the Council), the Crown is liable for 50% of capital expenditure incurred at the Airport.
- 3 Funding for joint venture airports is through a multi-year appropriation ending in June 2023. This appropriation is “limited to enhancements to joint venture terminals and runways and the Crown’s share of operating losses”. The Appropriation is underspent with \$1.7 million expected to remain in the appropriation in June 2023.

*The Airport Terminal Roof has suffered significant structural failure*

- 4 The Airport Terminal Building (Terminal) was built in the 1960s with a roof with minimal pitch and internal guttering. This roof design has led to water pooling on the roof surface. During heavy rainfall, continuous streams of water have been observed coming from the terminal ceiling, causing significant and sometimes catastrophic damage to facilities inside the terminal.
- 5 This includes the saturation and catastrophic failure of some internal ceiling tiles, failure of flush mounted LED light fittings, failure of heating elements and damage to the terminal floor. One section of the ceiling tiles completely collapsed over the passenger check-in area during recent rainfall.
- 6 Pictures of the external terminal roof damage and damage within the terminal are attached as Appendix One.

*The Terminal Roof requires a full replacement to extend the life of the building.*

- 7 The Council have contracted the services of BSM Group Architects Ltd (BSM) to conduct a review of damage to the roof and suggest options for its replacement. The terminal building is a designated class A heritage building in the Whanganui District Plan, which significantly hinders the options available to replace the roof.

- 8 BSM determined that the two layers of roof membrane (the original and liquid layers referred to in paragraph 5) will need to be removed and replaced with either
- 8.1 metal roofing, or
  - 8.2 a new membrane roof.
- 9 The metal roof solution involves building a draped profiled metal roof over the existing structure. This option would increase the overall height of the terminal by 0.5m (at the peak of the new roof). It requires significant work to modify the terminal facias (the sections on the border of the roof that hide the rafters from the outside).
- 10 However, a metal roof is not well suited to the local environment (the Airport is susceptible to high winds and sea spray) and would require a regular maintenance regimen of washdowns and gutter clearing. The warranty period for the metal roof would be 15 years for the roof and roof paint and 10 years for the guttering. The metal roof would also be a significant design change which may conflict with the building's heritage designation.
- 11 The second solution is to install a new membrane roof entirely from scratch. This would involve removal of the existing layers of membrane, installing PIR board<sup>1</sup> to attach to the existing frame and then installing a new two membrane layer. This option would also require alterations to the existing facias but with less visual impact than the metal roof solution.
- 12 The Council's preferred option is the membrane solution. The Council prefer this option as they believe it fits more closely with the original terminal design, is better suited to the local environment and has a 20-year warranty period with low maintenance requirements.

*Price estimate for preferred solution and Crown share*

- 13 Estimated costs for implementing the membrane roof are \$653,500 (Exc. GST) and as detailed below:

Scaffolding – Full building perimeter	\$96,100
Demolition costs	\$121,000
Carpentry for roof framing	\$160,400
Insulation	\$40,400
New membrane	\$121,600
Other carpentry for internal works	\$65,500
Other general costs	\$48,400
<b>Total Cost</b>	<b>\$653,500</b>

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<sup>1</sup> Polyisocyanurate board, an upgraded version of polyurethane board used to insulate buildings



- 14 The Council intends to run a tender process for the roof replacement contract amongst local firms. Additionally, the Ministry has requested a procurement plan be prepared to better understand the scope, costs, and risks of the procurement project.
- 15 Additionally, the Airport is requesting an additional 10% margin to account for price changes for materials due to supply chain issues, and a 25% contingency should the project go over budget. The estimated cost including the 10% margin is \$718,850. The cost of the 25% contingency is \$180,000, which brings the total estimated cost to \$898,600.
- 16 Under the Joint Venture Deed, the Crown is liable for 50% of the total costs of capital expenditure by the Airport. Therefore the maximum estimated cost to the Crown is \$449,300.

#### *Cost management and Contingency Funding*

- 17 It should be noted that the information for costs provided by the Council is very high level and there is inherent uncertainty in the estimate. Further work will need to be completed to provide more certainty on these costs.
- 18 The Ministry believes a contingency is a good way to manage the risks associated with this uncertainty. With your approval, the Ministry would set aside \$90,000 in contingency funding within the current appropriation. This represents the Crown's 50% share of the contingency. This contingency would only be accessed if the airport meets the following conditions:
- 18.1 The Council provides a comprehensive cost estimate once the tender process has been completed and tenders assessed.
- 18.2 The Council provides a detailed explanation (including costs) of why contingency funding is required if it requests access to the contingency.

#### *Financial Authority*

- 19 As per a 1985 Delegation from the Minister of Finance and the Minister of Transport to the Secretary for Transport, the Secretary for Transport has delegated authority to approve capital works up to \$300,000 in totality.
- 20 As such, this expenditure must be approved by the Minister of Transport. As Associate Minister of Transport, under your delegated functions relating to Joint Venture Airports, you may approve this expenditure on behalf of the Minister of Transport.

#### *Risks*

- 21 There is ongoing risk of cost overruns due to unforeseen issues with the design and the terminal roof itself. Ongoing global supply chain issues and inflation also increase the risk of project delays and increased cost of building materials respectively.
- 22 Failing to adhere to the Deed, and fund 50% of this capital expenditure could result in the Crown being subject to litigation. This risk would increase significantly if there was a health and safety incident due to further collapses of internal sections of the terminal roof.

- 23 Not funding or delays to funding this work could also carry a reputational risk to the Ministry.

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**Appendix One – Damage to Airport Terminal Building**



**Photo 1:** Overall roof image. Foreground shows bubbles formed by original membrane deteriorating and damaging top layer. Internal gutters rarely dry out due to design of roof and minimal 'fall'.



**Photo 2:** Close-up showing 'lunar landscape' and pooling in low areas of the roof.



**Photo 3:** Water damage to ceiling tile and light fitting.



**Photo 4:** Water damage to ceiling tiles and light fitting and heater fitting.



**Photo 5:** Showing ceiling tile sagging under the weight of the water absorbed into the tile, moments before it collapsed completely over the check-in area of the terminal

## MEETING WITH THE MTA — 30 NOVEMBER 2022

Below are suggested talking points for your discussion with the Motor Trade Association on Wednesday 20 November 2022. You are meeting with Ian Pike, Chief Executive, and Brian Anderton, Advocacy and Stakeholder Manager.

### Clean Car Standard

- Clean Car Standard is being phased in from 1 December 2022.
- The Clean Car Standard requires vehicle importers to progressively reduce the CO2 emissions of the light vehicles (both new and used) that they bring into New Zealand. This is achieved by setting CO2 targets which get more ambitious year by year.
- From 1 January 2023 imported vehicles incur a credit or charge based on CO2 emissions. The phase-in will see the payment of charges deferred until June 2023 to ensure a smooth implementation for the industry. The system encourages importers to bring in enough low and zero emission vehicles to attract credits to offset the charges applied to higher emitting vehicles.
- As an average, both the new and used market is already working towards our emissions reduction targets, with a great increase in hybrids and electric vehicles in recent months. Individual importers may be higher or lower than this target, of course.
- I am really pleased with how well the industry has shifted in recent months towards lower emissions. In 2024, the Government has a legislated requirement to review the Clean Car Standard targets, at which point we can assess if targets should be kept as-is, relaxed, or tightened.

### Clean Car Upgrade

- The recently announced Clean Car Upgrade is an equity-oriented pilot for a scrap-and-replace scheme. The aim is to provide targeted assistance to households on lower and middle incomes to shift to low-emission alternatives by scrapping their older, higher emitting vehicle.
- The trial of the Clean Car Upgrade will offer participants the option to receive support to purchase low or zero emissions vehicles, or to pay for alternative transport such as purchasing e-bikes and paying for public transport.
- The trial is expected to commence in early 2023 with three initial locations, which are yet to be announced. Evaluation of the trial will inform decisions on whether, and how, to proceed to a national rollout.
- Equity-oriented scrap-and-replace schemes, such as California's Clean Cars for All programme have a track record of helping low-income families avoid being trapped with high-cost, high-emitting vehicles. This is why we have developed the Clean Car Upgrade to support New Zealanders in a Just Transition.



## Testing and Scrappage:

- The MTA has regularly called for emissions testing of vehicles driven in New Zealand, to test for problems as vehicles get older. Such an initiative relies on it being cost effective to test and for vehicles that fail the test to be repairable. Otherwise, there is a risk that an initiative like this punishes those who drive older cars and cannot afford to repair them.
- International experience has demonstrated that general scrappage schemes are not a cost-effective way to reduce emissions or improve safety. This is because, on average, they remove vehicles from the fleet a few months earlier than they would have been removed without a scrappage scheme. However, targeted equity-oriented scrap and replace schemes have had some success in ensuring families on lower incomes can successfully transition to low and zero emitting vehicles.

## Clean Car Discount

- It is exciting to see that the policies, like the Clean Car Discount, designed to encourage EV usage are working extremely well.
- Between 1 July 2021 and 30 June 2022, the average manufacturers' type-approval CO2 emissions of imported light vehicles (new and used) decreased by 5.3% when compared to the same period for 2020-2021. This represents a significant improvement on the 1.9% average 12-month decrease of the five years prior to the Clean car discount.

## EV strategy

- The success of the clean car discount has meant there is increased demand for EV charging, and there is a need to build this critical infrastructure further.
- The Aotearoa public EV charging network now offers fast/rapid direct current (DC) charging stations at least every 75 kms for over 97 percent of our state highway network. Government has supported this broad coverage by co-funding the installation of over 700 public and over 550 private EV chargers through the Low Emission Transport Fund and its predecessor, the Low Emissions Vehicle Contestable Fund.
- An EV Charging Strategy is being developed to provide certainty to all parties on the role government will play in supporting EV charging infrastructure. The draft vision of the Strategy is: that our EV charging infrastructure supports the transition to and use of low-emissions transport by being accessible, affordable, convenient, secure and reliable. The Strategy will provide long-term outcomes that give effect to this vision, and provide further detail on our future charging network to guide its expansion over time.
- Subject to Cabinet approval, I expect that the draft Strategy will be published soon for public consultation, which will be jointly led by Te Manatū Waka Ministry of Transport and the Ministry of Business, Innovation and Employment.



30 November 2022

OC220921

Hon Michael Wood  
Minister of Transport

Action required by:  
Monday, 12 December 2022

## OPTIONS TO ADJUST REGULATED TOWAGE AND STORAGE FEES

### Purpose

This briefing seeks your approval to include options for increases to regulated towage and storage fees as part of the wider Parking Offences and Penalties consultation.

### Key points

- You decided to progress improvements to regulatory settings for towage and storage in two stages [OC220670 refers], starting with an increase to the regulated fees for impounded vehicles and illegally parked vehicles.
- Towage and storage fees have not been updated for nearly 20 years and adjusting current fees for inflation will require increasing current fees by s 9(2)(g)(i) .
- s 9(2)(g)(i) . s 9(2)(f)(iv)
- s 9(2)(f)(iv)
- We have also heard that there are particular challenges in rural areas, in part due to the distances operators are required to travel. s 9(2)(f)(iv)
- s 9(2)(f)(iv)
- s 9(2)(f)(iv)

**Recommendations**

We recommend you:

- 1 s 9(2)(f)(iv)  Yes / No
- 2  Yes / No
- 3  Yes / No
- 4 **note** that these options are intended as examples to prompt discussion and elicit feedback from councils and industry and so are unlikely to reflect the final options developed post-consultation Noted
- 5 **indicate** if you would like to discuss this briefing with officials Yes / No



Megan Moffet  
**Manager, Regulatory Policy**  
 30 / 11 / 2022

Hon Michael Wood  
**Minister of Transport**  
 ..... / ..... / .....

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

**Comments**

**Contacts**

Name	Telephone	First contact
Megan Moffet, Manager, Regulatory Policy	<span style="color: red;">s 9(2)(a)</span>	
Huan Lan Yap, Principal Adviser, Regulatory Policy		✓
Harry Harknett, Senior Adviser, Regulatory Policy		

## OPTIONS TO ADJUST REGULATED TOWAGE AND STORAGE FEES

### Background

*You have agreed to progress a review of towage and storage fees*

- 1 In August 2022 we sought your agreement to progress work on regulated vehicle recovery and storage as part of review of New Zealand's parking regulatory system [OC220670 refers]. You indicated that you preferred to take a two-step approach, starting with an increase to the regulated fees, and carry out a comprehensive review of the regulatory system at a later date.
- 2 In October 2022, you agreed to include options for changes to the regulated fees as part of the Parking Review consultation document, with consultation expected to occur in early 2023 [OC220775 refers].

*We regulate towage and storage fees in two situations*

- 3 As previously informed, there are regulated fees for towage and storage vehicles in two situations:
  - 3.1 **Police ordered impoundment:** When Police seize and impound vehicles of high-risk drivers who have committed specified offences, the vehicle owner pays the towage and storage fees in the *Land Transport (Storage and Towage of Impounded Vehicles) Regulations 1999* (the Regulations) to the towage operator to reclaim their vehicle after 28 days.
  - 3.2 **Council ordered towage:** The *Transport (Towage Fees) Notice 2004* (the Notice), which is a gazetted Notice issued by the Secretary for Transport, sets the towage fees payable for vehicles that are parked improperly or are causing a hazard (for example, parking in a bus lane or clearway). The regulated towage fee is itemised on the infringement notice and paid by the vehicle owner to the Council<sup>1</sup>. Councils contract towage operators and often pay market rates for towage services.
- 4 Both the Regulations and the Notice establish different rates that can be charged for towage, depending on the time and day (Monday – Friday and 7am – 6pm, or outside of those hours) and the weight of the vehicle (3,500kg or under, or over 3,500kg). In addition, any kilometre or part of a kilometre that the vehicle is towed more than 10 kilometres incurs a fee (not exceeding \$3 per kilometre).
- 5 When a vehicle is impounded, storage has a separate charge per day depending on the weight of the vehicle. The usual charge is for 25 days (the first three days are not charged) but can be charged for a further ten days if the vehicle is not collected.

*The regulated fees are intended to provide for cost recovery, but are no longer adequate*

- 6 These fees are primarily intended to provide cost recovery for the operators. This is so that the impoundment and parking infringement regimes can function efficiently,

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<sup>1</sup> Councils here include other 'road controlling authorities', such as Waka Kotahi and Auckland Transport.

while providing transparency, and preventing charges from being unduly punitive to vehicle owners.

- 7 Except for a GST increase in 2010, these fees were last adjusted in 2004 (for towage fees) and 1999 (for storage fees) and any cost recovery has long since been outstripped by 20 years of inflation and significant increases in business costs.
- 8 Both the towing industry and New Zealand Police (Police) have voiced concerns about the impact of the current level of fees on the viability of the impoundment regime. For example, the total regulated fee to collect an impounded vehicle under 3,500 kg towed less than 10 kilometres during normal working hours is \$358.60. s 9(2)(ba)(i)
- 9 As a result, there appears to be a shortage of towing operators to retrieve impounded vehicles, particularly in rural areas. We are advised that some operators are no longer uplifting Police-impounded vehicles if the vehicles are too far away or are low-value.
- 10 Reduced service levels or incomplete coverage could increase road safety risks. An example is a May 2019 fatal crash in Nelson, where Police impounded a vehicle but no towage operator was available to recover the low value vehicle. The driver of the vehicle subsequently retrieved their vehicle from the roadside and crashed it again, two days later. While no other road users were injured in this subsequent crash, such safety risks cannot be ignored.
- 11 While still a problem, this is less of an issue for Council-ordered tows. This is because although the vehicle owner pays regulated towage fee to the Council, the fee paid by Councils for tow services is not regulated. Councils typically negotiate and pay a higher market rate to towage operators with the differential between the contracted rate and the regulated fees often borne by rate payers.
- 12 Nonetheless, this means that most owners of illegally parked vehicles are not paying the majority of towing costs when their vehicles are removed by Councils to keep streets free from hazards and obstructions, and that Councils must find other sources of funding to cover this expense.

s 9(2)(f)(iv)

s 9(2)(ba)(i)

adjustment in 2004 to create a consistent scale of fees for illegally parked and impounded vehicles. [POL Min (04) 8/5 refers].

14.2 **Adjusting for inflation in a towing operator's business costs by using a basket of indices (composite index).** This basket comprises Labour Cost Index (wages), Producer Price Index (fuel and leasing expenses) and Capital Goods Price Index (equipment costs), based on a model prepared for the Ministry of Transport by the National Road Carriers Association in 2008 for the cost of operating an average tow truck.<sup>3</sup> Based on the composite index, prices rose by approximately 33 per cent from 2004 to 2012. This was ultimately rejected by Cabinet [EGI Min (12) 23/10 and CAB Min (12) 37/7 refer].

14.3 **Flat percentage increase.** In 2012, officials also considered a flat 33 per cent increase, rather than use of the CPI or composite index.

15 We calculated a range of options based on these three methods. This included upper and lower estimates for the CPI and composite index options using March 2020 and June 2022 data, in order to control for recent inflationary spikes. However, all four index estimates provided results with negligible differences (e.g. a range from \$67.37 to \$71.55 for a standard hour tow of a vehicle of 3 500kg or less), which translate into increases of 25.5 per cent to 33.3 per cent over current fees.

16 Given the similarity of the index options, we propose to consult on the following two options:

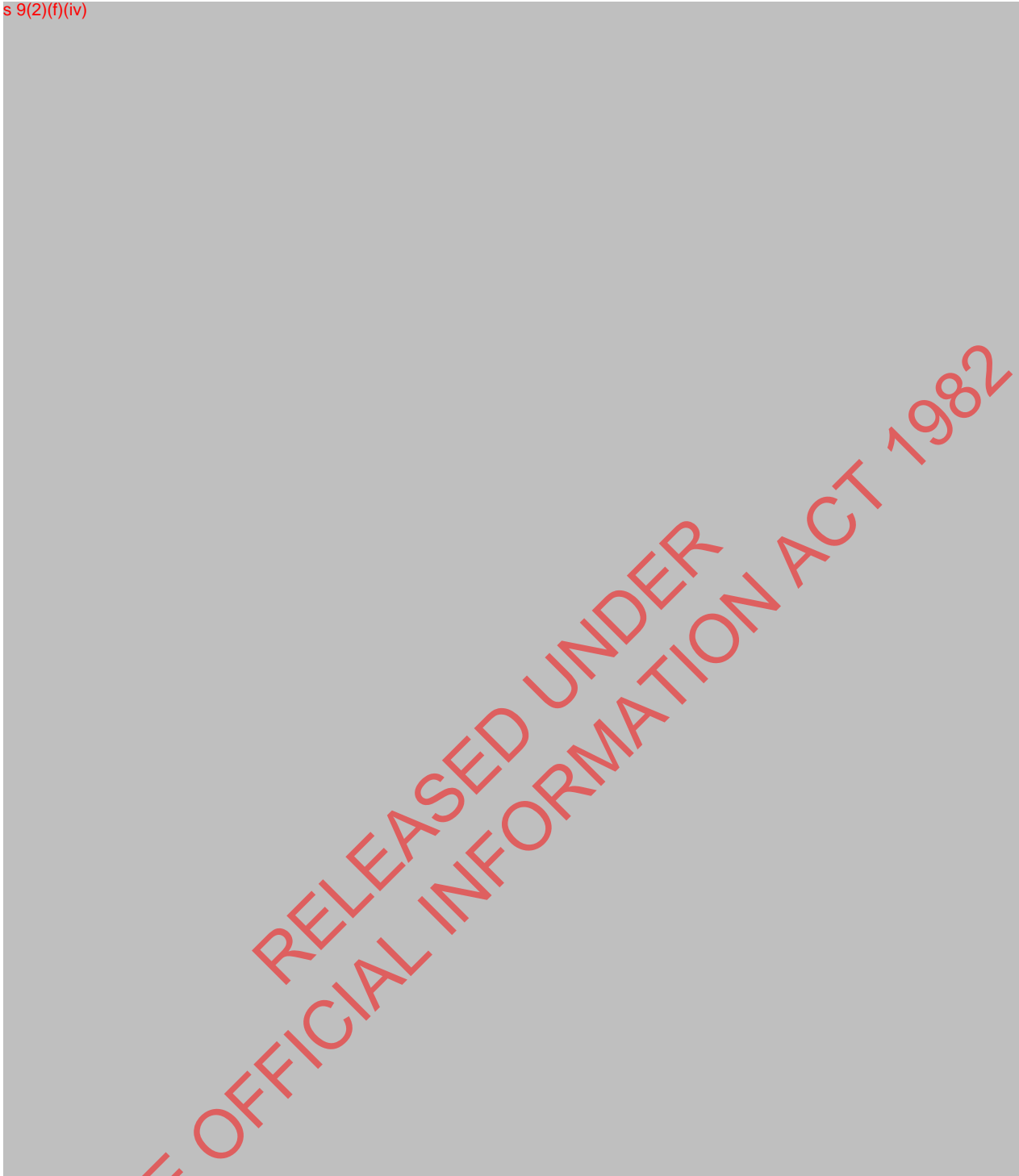
16.1 **Option 1:** Adjust the fees for inflation using the most recent data for the composite index. At present this uses the June 2022 data, but we would seek to update these with data from the December 2022 quarter if this is available in time to update for consultation in early 2023.

16.2 **Option 2:** A flat increase of 66 per cent. Since 2004, general inflation has increased by 55 per cent, transport inflation by 51.7 per cent while wage inflation has jumped 90.8 per cent<sup>4</sup>, an average of 65.8 per cent. Such a flat percentage increase represents a reasonable middle ground between the inflation adjusted fees we modelled and the higher actual costs of commercial tows.

17 Table 1 below compares these options with the current fees. Values for both option 1 and 2 are rounded to nearest 50 cents.

■ s 9(2)(f)(iv)  
[Redacted content]

s 9(2)(f)(iv)



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■ We note that these commercial rates may not represent actual cost per tow. s 9(2)(f)(iv), s 9(2)(ba)(i)  
[Redacted text]

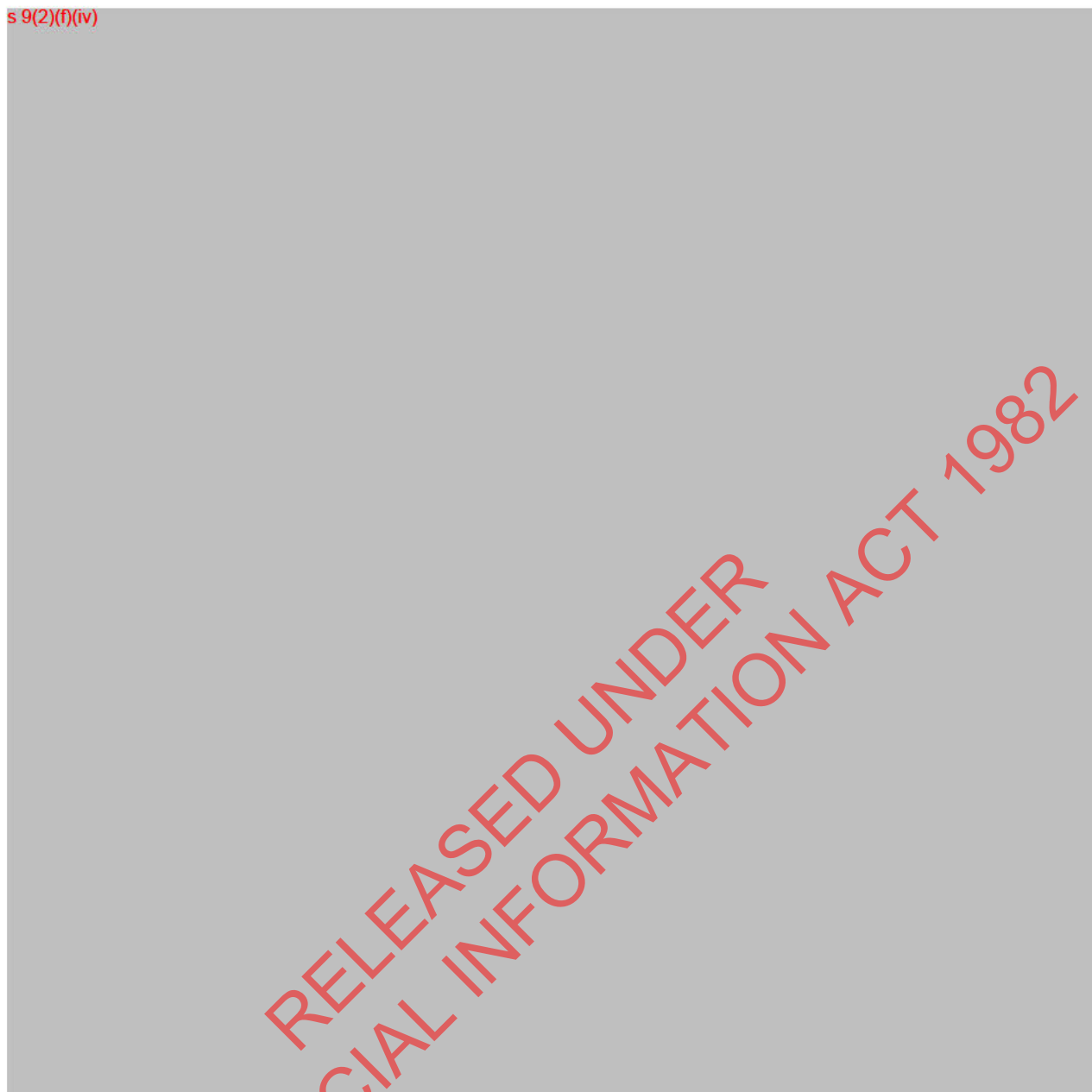
■ s 9(2)(f)(iv), s 9(2)(g)(i)  
[Redacted text]

s 9(2)(f)(iv)

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s 9(2)(f)(iv)



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**Next steps**

- 31 If you agree to include these options in the consultation, officials will prepare a Regulatory Impact Statement and input into the draft Parking Offences and Penalties Cabinet paper and consultation document. An indicative timeline is below. This is subject to confirmation based on the recently released Cabinet timetable for 2023.

**Table 3. Indicative timeline for Parking Offences and Penalties consultation**

Stage	Timeframe
Policy development	September 2022 – January 2023
Departmental consultation	Late January – early February 2023
Ministerial consultation	Mid February 2023

<b>Lodgement</b>	Early March 2023
<b>Cabinet Committee (DEV or ENV)</b>	Early March 2023
<b>Cabinet</b>	Mid-March 2023
<b>Public consultation commences</b>	Mid-March 2023
<b>Public consultation ends</b>	Late April 2023

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