TE MANATŪ WAKA
MINISTRY OF TRANSPORT

OC220585

5 August 2022

s 9(2)(a)

Tēnā koe s 9(2)(a)

I refer to your email dated 11 July 2022 requesting the following documents under the Official Information Act 1982 (the Act):

- *OC220282 3/05/2022 Early actions to progress the trial of the equity orientated vehicle scrappage scheme*
- *OC220352 4/05/2022 Meeting with the Maritime New Zealand Chair and Chief Executive*
- *OC220340 5/05/2022 Additional information requested in relation to the assistance for the trial vehicle scrappage scheme*
- *OC220351 5/05/2022 International Maritime Organisation- New Zealand position on an equitable transition proposal*
- *OC220345 5/05/2022 Independent reviews of civil aviation regulatory decisions*
- *OC220376 10/05/2022 Issuing a Government Road Safety Strategy under the Land Transport Rule- Setting of Speed Limits*
- *OC220236 10/05/2022 New Zealand and Timor-Leste- Signing an Air Services Agreement*
- *OC220379 12/05/2022 Alternative phasing dates for Euro 6/VI*
- *OC220355 20/05/2022 Correspondence from Hyundai on hydrogen and road user charges*
- *OC220321 20/05/2022 KiwiRail Delegation Letter for the Ashburton Fairfield Freight Hub project*
- *OC220420 24/05/2022 Meeting with Vertus Energy - 26 May 2022*
- *OC220281 25/05/2022 The Ministry of Transport's future modelling capability - Project Monty*

Of the 12 documents you requested, I am releasing eight with some information withheld, and withholding three in full. Additionally, I am not providing one document as it mistakenly appeared on our May published list of briefings. 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)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by

	(i) the Government of any other country or any agency of such a Government; or
	(ii) any international organisation
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)(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 detailed in the document schedule attached as 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**

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

Nāku noa, nā

Hilary Penman
Manager, Ministerial Services

Annex 1 - Document Schedule

Doc #	Reference number	Title of Document	Decision on request
1	OC220282	Early Actions to Progress the Trial of the Equity-Orientated Vehicle Scrappage Scheme	Withheld under Section 9(2)(f)(iv).
2	OC220352	Meeting with the Maritime New Zealand Chair and Chief Executive - 10 May 2022 - Briefing	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
3	OC220340	Additional Information Requested in Relation to the Assistance for the Trial Vehicle Scrappage Scheme	Withheld under Section 9(2)(f)(iv).
4	OC220351	International Maritime Organization: New Zealand Position on an Equitable Transition Proposal	Released with some information withheld under Sections 6(a), 6(b), 9(2)(a), 9(2)(g)(i) and 9(2)(j).
5	OC220345	Independent Reviews of Civil Aviation Regulatory Decisions	Released with some information withheld under Sections 9(2)(a) and 9(2)(g)(i).
6	OC220376	Issuing a Government Road Safety Strategy Under the Land Transport Rule: Setting of Speed Limits 2022	Released with some information withheld under Section 9(2)(a).
7	OC220236	New Zealand and Timor-Leste: Signing an Air Services Agreement	Released with some information withheld under Section 9(2)(a).
8	OC220379	Alternative Phasing Dates for Euro 6/VI	Withheld under Section 9(2)(f)(iv).
9	OC220355	Correspondence from Hyundai on Hydrogen and Road User Charges	Not provided. This document was mistakenly listed on the Ministry's published list of documents for May 2022.
10	OC220321	KiwiRail Delegation Letter for the Ashburton Fairfield Freight Hub project	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii) and 9(2)(f)(iv). The annex is refused under Section 18(d) and is available here: www.transport.govt.nz/assets/Uploads/KiwiRail-Delegation-Letter-Hon-Michael-Wood_for-release.pdf
11	OC220420	Meeting with Vertus Energy - 26 May 2022	Released with some information withheld under Section 9(2)(a).

Doc #	Reference number	Title of Document	Decision on request
12	OC220281	The Ministry of Transport's Future Modelling Capability - Project Monty	Released with some information withheld under Section 9(2)(a).

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Document 2

4 May 2022

OC220352OC220352

Hon Michael Wood
Minister of Transport

MEETING WITH THE MARITIME NEW ZEALAND CHAIR AND CHIEF EXECUTIVE – 10 MAY 2022

Snapshot

You are meeting with the Maritime NZ (MNZ) Chair and Chief Executive on 10 May 2022. To support you in your meeting, the Ministry of Transport has provided comments and suggested talking points on the proposed agenda items.

Time and date	**3.30pm – 4.00pm, 10 May 2022**
Venue	**EW4.1, Parliament, Microsoft Teams**
Attendees	Jo Brosnahan, MNZ Chair Kirstie Hewlett, MNZ Chief Executive and Director
Officials attending	Allan Prangnell, Deputy Chief Executive, System Performance & Governance Chris Jones, Acting Manager, Governance Johnny Crawford, Senior Adviser, Governance
Agenda	1. MNZ Chair introduction **(paragraph 1)** 2. Te Korowai o Kaitiakitanga **(paragraphs 2 - 4)** 3. Port health and safety update **(paragraphs 5 - 6)** 4. Statement of Performance Expectations, Budget outcomes, and Letter of Expectations **(paragraphs 7 - 14)**

Contacts

Name	Telephone	First contact
Allan Prangnell, Deputy Chief Executive, System Performance & Governance	s 9(2)(a)	
Chris Jones, Acting Manager, Governance		✓
Johnny Crawford, Senior Advisor, Governance		

Meeting with the Maritime New Zealand Chair and Chief Executive – 10 May 2022

Key points

- You are meeting with Jo Brosnahan (Chair) and Kirstie Hewlett (Chief Executive and Director) of MNZ on 10 May 2022. At your last meeting with MNZ on 21 February 2022, you discussed the following agenda items:
    - Te Korowai o Kaitiakitanga update
    - MNZ's early thinking on the funding review
    - Recreational craft safety
    - Expectations around upcoming board appointments.
- This is the second of your regular meetings with the MNZ Chair and Chief Executive this calendar year. MNZ is planning to provide its meeting advice to you later this week.
- The meeting is an opportunity for you to discuss the impacts of Budget 2022 outcomes and the ongoing pandemic on MNZ's activities for 2021/22, expectations for 2022/23 and the wider maritime sector. Suggested talking points are provided for your consideration in blue boxes.

s 9(2)(f)(iv)

Agenda Items

Item one: MNZ Chair introduction

1 The Ministry understands that the Chair would like to provide an update to you. The Ministry does not have any specific information or advice on this update but offers the following questions for your consideration.

Suggested talking points for MNZ Chair Introduction

- You may wish to ask what the Board considers its most significant concerns and strategic risks - specifically noting the potential of these risks to impact delivery of MNZ's core functions - and what steps are being taken to mitigate these risks.
- Potential risks include:
  - Some ministerial expectations may be compromised, given resource constraints
  - Impacts of COVID-19 on staff and the wider maritime industry in 2022/23.

Item two: Te Korowai o Kaitiakitanga

2 MNZ launched Te Korowai o Kaitiakitanga (Te Korowai) in the first quarter of 2021/22. This work programme focuses on improving regulatory front-line performance by identifying gaps and opportunities in relation to capacity, capability, processes, systems, culture and practice.

3 MNZ has completed Phase One of Te Korowai. s 9(2)(f)(iv) [redacted]

4 At your previous meeting with the Chair, MNZ advised that it expected to be able to brief you on next steps at the next meeting. These steps involve turning the outputs from Phase One into a regulatory strategy and four-year prioritised programme. Although the specifics of the strategy will be influenced by the outcome of the Budget process, the Ministry still expects MNZ to progress the future phases of Te Korowai.

Suggested talking points for Te Korowai o Kaitiakitanga

- You may wish to acknowledge MNZ's work on Te Korowai to date.
- You may wish to ask about next steps with Te Korowai, and specifically:
  - What is the expected impact (if any) on the Te Korowai work programme given Budget 2022 decisions?
  - Are you able to share any detail on Phase Two of Te Korowai and the multi-year programme of work?

- What risks, issues or insights have been identified following completion of Phase One?

Item three: Port health and safety update

5 In your capacity as Workplace Relations and Safety Minister, you recently announced an assessment of New Zealand's 13 major international commercial ports. The assessment is being carried out by MNZ and WorkSafe, following two worker fatalities at ports last month; and is happening alongside investigations by the Transport Accident Investigation Commission.

6 This meeting is taking place before the expected completion of the assessment. As such, MNZ is not expected to be able to share any findings.

Suggested talking points for Port Health and Safety

- You may want to ask MNZ about progress on the assessment and the expected completion date.

Item four: Statement of Performance Expectations, Budget outcomes and Letter of Expectations

7 MNZ provided you with its draft 2022/23 Statement of Performance Expectations (SPE) on 29 April 2022. The Ministry has provided initial comments and feedback to MNZ, and we note that you have also provided comments on the draft. We expect this feedback to be factored into the final SPE before its completion by 30 June 2022.

8 We note that this SPE was drafted prior to MNZ being advised of Budget 2022 decisions and has not yet been updated to reflect these. MNZ has indicated that it will update the financial statements by June 2022 following Budget 2022 announcements. The Ministry will provide further advice based on these revised statements.

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

10 The Ministry is largely comfortable that the SPE addresses expectations you raised in your Letter of Expectations (LoE) for 2022/23 as matters that MNZ should address regardless of Budget outcomes. We do not anticipate this to change once it has been updated.

s 9(2)(g)(i) [redacted]

12 The Ministry will provide you with specific advice in its omnibus SPE briefing due shortly.

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

s 9(2)(f)(iv)

Suggested talking points for Statement of Performance Expectations, Budget outcomes and Letter of Expectations

- You may wish to reiterate your expectations of MNZ in 2022/23 (with reference to your Letter of Expectations and Government priorities), and to ask:

  s 9(2)(f)(iv)

- You can also use the meeting as an opportunity to gain assurance that MNZ intends to complete its funding review by 30 June 2024.

Annex 1: Maritime NZ Budget Outcomes

Budget bid	Objective	Outcome
Ongoing Crown Support for Maritime New Zealand Core Functions	Extend Crown funding to support Maritime NZ to deliver core regulatory functions, meet statutory obligations, and maintain viability as a going concern.	**Partially successful**, funding for 2022/23 secured but not 2023/24
s 9(2)(f)(iv)		
Implementation of MARPOL Annex VI to Reduce Pollution from Ships	Implement Annex VI of the International Maritime Organisation MARPOL convention in New Zealand, ahead of funding reviews.	**Successful**
Maritime New Zealand Meeting its Obligations Under the Health and Safety at Work Act 2015	Meeting its statutory obligations as the designated maritime regulator under the Health and Safety at Work Act 2015.	**Successful**

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Document 4

5 May 2022

OC220351

Hon Michael Wood
Minister of Transport

Action required by:
Friday, 13 May 2022

INTERNATIONAL MARITIME ORGANIZATION - NEW ZEALAND POSITION ON AN EQUITABLE TRANSITION PROPOSAL

Purpose

Seek your direction to the New Zealand delegation to the International Maritime Organization (IMO) Intersessional Working Group on Greenhouse Gas Emissions (ISWG-GHG), specifically, agreement for New Zealand to support a proposal made by some Pacific Island countries about how the IMO should seek to give effect to an equitable transition of the shipping sector to zero emissions.

Key points

- The IMO's ISWG-GHG will meet 16-20 May 2022 s 6(b) [redacted] he proposal seeks the IMO's agreement to:
    - ensure equity between states in the transition to zero emissions shipping.
    - accept distribution of revenues raised by IMO market-based measures (MBMs) as a means of ensuring equity, with a priority for countries most vu nerable to the impacts of climate change.
    - convene a dedicated meeting to consider concrete proposals on characteristics of MBMs including revenue collection and use.
- While the draft 2022 International Climate Change Engagement Plan[1] states New Zealand will promote equitable solutions and a Just Transition in all multilateral climate forums this is not a specific element of our negotiation mandate for the IMO, as agreed by Cabinet in August 2021 [CAB-21-MIN-0199 refers]. Rather, Cabinet agreed that in IMO negotiations, New Zealand will seek outcomes that recognise and protect the interests of Pacific Island countries and territories.
- Ensuring an equitable transition for States presents a number of challenges to the IMO:
    - The IMO's primary role is to regulate international shipping;

[1] This is led by the Ministry of Foreign Affairs and Trade and supported by Te Manatū Waka.

- s 9(2)(g)(i) [redacted]
- Addressing inequity through the collection and redistribution of carbon revenues is a new activity for the IMO and likely to involve transactions of unprecedented value;
- s 9(2)(g)(i) [redacted]

- s 6(a), s 9(2)(j) [redacted]
- s 9(2)(g)(i), s 9(2)(j) [redacted]

Recommendations

We recommend you:

1	**note** the International Maritime Organization is likely to consider its role in the equitable transition of the international shipping sector to net zero emissions by 2050;	
2	s 6(b) [redacted]	
3	**agree** the New Zealand delegation can support these calls in principle, subject to satisfactory resolution of implementation details;	Yes / No
4	**refer** this briefing to Hon James Shaw Minister for Climate Change and Hon Nanaia Mahuta Minister of Foreign Affairs and Trade.	Yes / No

s 6(a), s 9(2)(j) [redacted]

Ewan Delany
Manager, Environment, Emissions and Adaptation
4 / 5 / 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
Ewan Delany, Manager, Environment, Emissions and Adaptation	s 9(2)(a)	✓
Michelle Palmer, Adviser, Environment, Emissions and Adaptation	s 9(2)(a)	

INTERNATIONAL MARITIME ORGANIZATION - NEW ZEALAND POSITION ON AN EQUITABLE TRANSITION PROPOSAL

In 2018, the International Maritime Organization (IMO) adopted the Initial IMO Strategy on Reduction of Greenhouse Gas (GHG) Emissions from Ships

1 The Initial Strategy establishes a vision for international shipping, sets "levels of ambition" relating to energy efficiency, carbon intensity and peak and decline of GHG emissions, identifies guiding principles, and provides adoption of implementation measures. The strategy is set to be reviewed in 2023.

2 The current key commitments include:

2.1 reduce CO_2 emissions by at least 40 percent by 2030;

2.2 peak GHG emissions as soon as possible and reducing by 50 percent by 2050; and

2.3 a pathway of CO_2 emission reduction consistent with 1.5°C Paris temperature goal.

3 The latest IMO study shows the global GHG contribution from shipping has increased from 2.76 percent in 2012 to 2.89 percent in 2018. This is projected to continue to increase.

4 As agreed by Cabinet in 2021 [CAB-21-MIN 0 99 refers], New Zealand's priorities in the IMO negotiations to operationalise the strategy include:

4.1 an ambitious revised IMO Strategy, applicable to all ships, accompanied by a concrete schedule of pragmatic steps to ensure appropriate action is not deferred;

4.2 recognition and protection of the interests of Pacific Island countries and territories; and

4.3 operationalisation of Common but Differentiated Responsibilities and Respective Capabilities (CBDR/RC) by the IMO.

The next round of IMO negotiations will take place virtually on 16 - 20 May 2022

5 These negotiations will be a meeting of the IMO's ISWG-GHG and is scheduled to focus on medium- and long-term emission reduction measures. There is increasing acceptance amongst participating governments that such measures will be "market based", i.e. include carbon pricing of international shipping emissions in some form.

6 The May ISWG-GHG meetings are not a decision-making process. They serve to make recommendations to the June negotiations of the IMO Marine Environment Protection Committee. We anticipate recommendations will determine the parameters for further consideration of specific market-based measures (MBMs).

7 A number of MBM proposals have been raised in the IMO over recent years. These have given rise to questions about how disproportionate negative economic impacts on some states should be addressed, and how revenues collected through such measures should be spent. These MBM proposals remain on the table, and more are expected. Some countries' interest has turned to resolving some of the high-level questions at a principled level before addressing specific options for measures.

8 Te Manatū Waka, Maritime New Zealand and the Ministry of Foreign Affairs and Trade (MFAT) are jointly commissioning analysis of the risks and opportunities to New Zealand from different approaches to MBMs.

s 6(b)

9 The proposal seeks the IMO's agreement to:

9.1 ensure equity between states in the transition to zero emissions shipping;

9.2 accept distribution of revenues raised by IMO MBMs as a means of ensuring equity, with a priority for countries most vulnerable to the impacts of climate change; and

9.3 convene a dedicated meeting to consider concrete proposals on characteristics of MBMs including revenue collection and use.

10 The proposal frames distribution of revenues raised by IMO measures as a means of ensuring equity in the transition to zero emissions shipping. Amongst other things, it invites member states to remain cognisant of the need to protect the climate system for the benefit of future generations, and to ensure all countries have access to transition technologies and fuels. It proposes convening a dedicated meeting to consider concrete proposals on characteristics of MBMs including revenue collection and use.

The proposal is based on arguments New Zealand has made in international forums

11 These arguments include:

11.1 The most recent Intergovernmental Panel on Climate Change science underscores the need for urgent action.

11.2 A sustainable and equitable global transition requires more than just achieving the temperature goal of limiting global average temperature rise to 1.5ºC (i.e. developed countries must show leadership, the most vulnerable countries must be supported).

11.3 An appropriate mechanism is needed for the IMO to address any disproportionate negative impacts on states arising from its emissions reduction measures without diluting the ambition of such measures.

11.4 Financing shipping related activities alone will not maximise the IMO's contribution to climate action and sustainable development.

s 9(2)(j)

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

Proposed New Zealand response to the equitable transition proposal

New Zealand's well-known commitment to stand with the Pacific in relation to international climate change matters leads to expectations we will support the equitable transition initiative

s 6(a), s 6(b)

17 While the delegation's current IMO negotiation mandate is silent on issues of equity, the MFAT-led draft 2022 International Climate Change Engagement Plan states New Zealand will promote equitable solutions and just transition in all multilateral climate fora.

Accordingly, we seek your agreement that we will speak in support of the core elements of s 6(a) *proposal*

18 These core elements include a commitment to equity, the concept of redistributing of revenues to address vulnerability to climate change, and convening a meeting to explore how to do this.

19 s 9(2)(g)(i), s 9(2)(j) With or without agreement to commit to an equitable transition, the MBM proposals on the table at the IMO will give rise to decisions about institutional arrangements and the IMO's role in relation to revenues and assessing climate impacts. This means there will be opportunities for New Zealand to promote its preferred solutions in due course. s 9(2)(g)(i), s 9(2)(j)

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

s 6(a), s 9(2)(g)(i), s 9(2)(j)

21 New Zealand may be one of only a few countries that support the proposal at the upcoming IMO ISWG-GHG meeting. s 9(2)(g)(i), s 9(2)(j)

Next Steps

22 New Zealand's proposed response has been informed by MFAT, Maritime New Zealand, the Ministry for the Environment and Te Manatū Waka.

23 Officials from MFAT plan to speak to the Minister of Climate Change next week to discuss the proposal further ahead of the ISWG-GHG meeting commencing on 16 May 2022.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Document 5

5 May 2022 OC220345

Hon Michael Wood **Action required by:**

Minister of Transport Friday, 6 May 2022

INDEPENDENT REVIEWS OF CIVIL AVIATION REGULATORY DECISIONS

Purpose

Seek decisions from you on the optimal scope for independent reviews of civil aviation regulatory decisions.

Key points

- The Civil Aviation Bill is in the final stages of being considered by the Transport and Infrastructure Committee. It includes a new insertion, discussed with you and agreed by the Committee, to enable reviews of the Director of Civil Aviation's (the Director) regulatory decisions. This is a significant new feature aimed at providing an additional tool/'back stop' to existing mechanisms in the regulatory system.

- The Ministry (in consultation with the Civil Aviation Authority (CAA)) is in the process of confirming the final policy design details for the review mechanism before the window for amendments at this stage of the legislative process has closed. During the development of this, it has become clear that it is necessary to confirm key policy design choices and overall policy intent that set the scope for the review mechanism, specifically whether:

    - decision-making processes or substantive decisions should be captured within the scope of the review.

    - the review process is available to only those already in the system (e.g., existing pilots) or all who interact with the system (e.g., prospective pilots).

    - decisions about 'things' (e.g., aircraft) are intended to be captured, or only decisions relating to people (e.g., placing conditions on a pilot's license), or both.

    - the intent is for reviews of decisions about the setting of standards to be captured, or whether the review relates only to the application of the standards once set by you or the Director under certain circumstances.

    - the threshold for initiating a review is set at an appropriate level.

- Following our recent discussion with you, we seek your urgent consideration of these matters so we may confirm the approach with the Committee and the Parliamentary Counsel Office (PCO).

Recommendations

We recommend you:

Design choice 1: Should the review be limited to a review of a decision-making process or the substantive decision?

1 **agree** the reviews are to focus on whether decisions followed a lawful decision-making process — Yes / No

Design choice 2: Should there be a threshold to meet in terms of what should be reviewed?

2 **agree** the Bill should create the review function, but that the detail as to the threshold and scope for what can be reviewed be approved by the Minister of Transport through an alternative mechanism after the Bill has been enacted — Yes / No

Design choice 3: Should the review cover people and things?

3 **agree** the review scope extends to things, such as aircraft, insofar as they affect a person's ability to operate within the civil aviation system — Yes / No

Design choice 4: Should the review be focused on setting standards, or applying standards?

4 **agree** the review should not extend to the setting of standards across the aviation system, it only applies to the application of those standards — Yes / No

Tom Forster
Manager, Economic Regulation
5 / May / 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
Tom Forster, Manager Economic Regulation	s 9(2)(a)	✓
Eve Tucker, Senior Adviser Economic Regulation	s 9(2)(a)	

INDEPENDENT REVIEWS OF CIVIL AVIATION REGULATORY DECISIONS

The Civil Aviation Bill will introduce a new regulatory review function

1 The Civil Aviation Bill now allows for an independent review of decisions made by the Director of Civil Aviation. Following discussion on this with you on 2 May 2022, you requested further advice and information on key policy design choices for the new feature to support consideration of whether the review should:

1.1 be on a decision-making process or the substantive decisions made by the Director

1.2 extend to people (or organisations or products) looking to enter the system or be limited to those already captured within the system

1.3 be confined to decisions relating directly to people or include decisions that affect 'things' (such as aircraft that people are seeking to operate),

1.4 exclude decisions about setting standards or to the application of standards, and

1.5 otherwise include limitations or thresholds regarding access to the review system.

2 The Committee accepted the recommendations of the Ministry's Departmental report, including in relation to these provisions, in March 2022. A copy of the relevant recommendations is attached as Annex 1.

3 It has become clear that it is necessary to confirm key policy design choices and overall policy intent that sets the scope for the review mechanism. We are now looking to confirm the final design elements and seek your view on these.

4 In addition, further information about international models has become available since we met with you on Monday, as the United Kingdom Department for Transport (UK DfT) published information about its new independent review panel on 3 May 2022. We consider some elements of the model may be beneficial in the New Zealand context.

5 The Bill is currently before the Transport and Infrastructure Select Committee (the Committee), and the Revision-Tracked version of the independent review provisions is to be considered on 19 May 2022. We must instruct the Parliamentary Counsel Office no later than Monday, 9 May 2022.We note that what is being proposed in the Bill is relatively unique in the New Zealand regulatory environment. Many of the issues seeking to be addressed through this proposal are likely to apply equally to other regulators, and we note that potential wider implications for other regulators in setting this precedent, particularly those in the transport sector.

The review function forms one part of the wider system of accountability

6 The proposed review mechanism will be just one of a number in place to ensure the robustness, effectiveness, and transparency of CAA decisions. As a whole, the regulatory system employs a number of mechanisms/features to achieve this:

6.1 the CAA is established as a Crown Entity with sector and technical expertise.

6.2 governance is by a Board with clear accountabilities.

6.3 a Director is appointed for their significant regulatory expertise.

6.4 Te Manatū Waka - Ministry of Transport (the Ministry) fulfils both a monitoring function and a system stewardship role, working constructively with CAA to continuously improve performance.

7 Some decisions within the legislative framework require natural justice steps to be taken when the Director is making decisions. For example, for decisions to revoke, the Director is required to advise the document holder/license holder of the intent to revoke (and why), then consider any submissions made that could change the decision. Ultimately, the Director's decisions are made in the public interest for a safe and secure aviation system.

8 In addition to the above machinery of government, there are also existing pathways to appeal the Director's decisions in Court (or seek judicial review), and decisions taken on a medical basis may be reviewed by the medical convener.

9 We advise that the proposal for a new independent review function be intended to support these other mechanisms and processes. As such it should be designed to encourage transparency, accountability, timeliness, and quality of decision making. However, it should not be intended to replace or duplicate existing mechanisms and should be designed to support good decision-making.

10 The primary benefit of the review function for those seeking review, and a further key component of the underlying policy intent, is that it serves as a faster, less costly option compared to seeking consideration by the Court, but is similarly independent of the Director and the CAA. Unlike the Court process, a reviewer would not be able to substitute the Director's decision or determine compensation.

The new function provides an avenue for regulatory decision-making to be reviewed

The current drafting provides a broad scope right of review, with some necessary limitations

11 The drafting currently in the Bill provides a right of review for decisions that:

- relate to an individual (for example a decision to revoke a pilot's license), or to a decision taken regarding an aviation "thing" that has an impact on the person (for example to detain an aircraft), and
- are made within 20 days of the decision being made.

12 The current drafting starts from the point that all decisions can be reviewed, apart from a list of specific decisions that cannot be reviewed. This list includes decisions

involving national security, prosecutorial discretion, and payment of charges. The decision to set standards within the civil aviation system, which are provided for by the creation of Civil Aviation Rules made by yourself, or in emergency situations made by the Director, are also specifically excluded.

13 In the current drafting the reviewer also retains the ability to refuse an application if the review:

- does not adequately identify the aspects of the decision that the applicant is applying to have reviewed, or
- is trivial, frivolous, or vexatious, or
- is otherwise an abuse of process.

14 Overall, the current drafting creates a relatively broad scope for the new review mechanism. While this provides the greatest level of access to the review mechanism, there is a risk that a broad scope and design could result in a significant volume of reviews requested and decisions on relatively minor issues being unpicked, support a culture of regulatory risk aversion and decision-making paralysis, cutting across the objectives of encouraging transparency, accountability, timeliness and quality of decision making. However, we note that the review is not able to alter the decision of the Direction, simply provide advice for the Director to consider.

15 Such a broad review process will come with increased costs. Policy analysis has not been undertaken to determine the cost, or to determine how the costs will be recovered.

16 There are a key set of four design choices, set out below, that ultimately set the scope of the review mechanism.

What is the scope of review in other jurisdictions?

17 During policy development, we considered three overseas models: those used in the UK, Canada and Australia. While none of these were deemed fit for purpose for wholesale adoption in the Civil Aviation Bill, we have examined them again to understand what they provide for.

Australia (Federal) – Administrative Appeals Tribunal (AAT)

18 The AAT can review decisions that are specified as reviewable. Its remit is not transport specific. The AAT reviews merits of a decision (i.e., they take a fresh look at the relevant facts, law and policy and arrive at their own decision). The AAT may affirm, vary, substitute or remit decisions to the decision-maker for reconsideration.

19 In relation to civil aviation, reviewable decisions include:

- a refusal to grant or issue, or a cancellation, suspension, or variation of, a certificate, permission, permit or licence granted or issued under the Act or the regulations
- the imposition or variation of a condition, or the cancellation, suspension, or variation of an authorisation, contained in such a certificate, permission, permit or licence, and
- a decision about reinstating a civil aviation authorisation that has been suspended or cancelled.

Canada – Transportation Appeal Tribunal of Canada (TATC)

20 The TATC is a cross-modal, quasi-judicial body, which replaced Canada's Civil Aviation Tribunal. Appeals are based on merits, on the record of the proceedings. Decisions of the TATC are binding.

21 In relation to civil aviation, reviewable decisions include:

- refusal to issue or amend a Canadian aviation document
- aviation document suspension or cancellation (including where a document in suspended on security grounds)
- assessment of monetary penalty, and
- refusal to remove a notation of a suspension or a penalty after two years

UK – Independent review panel

22 Officials were previously aware of a new aviation-specific independent review panel being stood up in the UK. New information about this panel, including its terms of reference, was published on 3 May 2022.[1] This panel does not have a legislative basis.

23 While the overall model differs from what is best fit in the New Zealand context (the UK legislative framework, machinery of government and options for review are substantively different), the model poses some high-level consideration we advise could be reflected in our independent review process. We explore this further in our analysis of design choices below.

Design choice 1: Should the review be limited to a review of a decision-making process ("procedural justice"), or a substantive decision?

24 As discussed above, we have assumed that overall policy objective for the introduction of the review feature and system is to support and provide assurance of good decision making and transparency. We consider the policy objective is not to provide a mechanism for the reviewer to substitute their decision for that of the Director, or make a statement that the decision is somehow inconsistent with what they would have decided.

25 We think it is important that the review is framed as relating to supporting procedural justice in the decision-making process, and that the reviewer would be required to consider among other things some of the following:

- have the statutory steps been followed, including any applicable natural justice steps and application of the public interest test?
- have the relevant people been heard?
- has all relevant information been taken into account?
- did the decision-maker have an open mind?
- was a power exercised only for the purposes for which it was provided?
- is there evidence to support findings with relevant factors being taken into account but not irrelevant ones?

[1] https://www.gov.uk/government/publications/independent-review-panel-for-caa-personnel-licensing-and-certification-decisions-terms-of-reference

- did the decision-maker act reasonably, recognising that there may be different ways of reasonably reaching a decision in the public interest?
- was the process impartial and free of actual or perceived bias to the fair-minded and impartial observer?
- were any measures taken rationally connected to the objective and no more than necessary to accomplish it?
- were less intrusive measures appropriately considered?
- was the decision reached in a timely manner proportionate to the complexity of the matter at hand?

26 However, the reviewer would not be permitted to comment generally on the Director's role, how they or Ministers set standards, or whether they would have made a decision other than what the Director has decided (except on the basis of procedural injustice). We consider the reviewer should not in any case look to substitute a decision or make representations about the Director's performance of their statutory role.

Table 1. Relative assessment of design options (decision or decision-making)

	Benefits	Drawbacks	Comment
Option 1: Limit the scope to decisions	Would limit the scope of what can be reviewed.	Officials consider that a focus on substantive decisions is a matter for the Director and for Courts to consider in relation to appeals.	Not recommended by officials.
Option 2: Scope captures whether the decision followed a lawful process	Seeks to align with the new UK model.[2] Would provide assurance that proper process and principles of good decision-making have been followed. Captures the full decision-making process and is consistent with administrative law understandings of what good decision making includes.	The reviewer is likely to require expert advice to understand some aspects of a decision and how these need to be treated in the public interest, which may come at a cost.	The overall policy aim of this scope is to identify any procedural injustice or irregularities made by the CAA when arriving at certain decisions. Where there is an irregularity, the reviewer will provide recommendation to the CAA on remedying the case. Where an injustice has not occurred, the reviewer will provide reassurance that proper procedures have been followed.

[2] However, the UK model does not appear to be set in a legislative framework, but instead adheres to a Terms of Reference and accompanying list of "in scope" decisions, both of which are to be reviewed periodically.

Design choice 2: Should there be a threshold to meet in terms of what should be reviewed?

27 New Zealand's civil aviation system is regulated using a life-cycle approach, illustrated in Figure 1. The system is for the most part "closed", meaning people must be approved by the Director to operate within the system. People approved to operate within the system hold aviation documents, and their role in the system is routinely monitored.

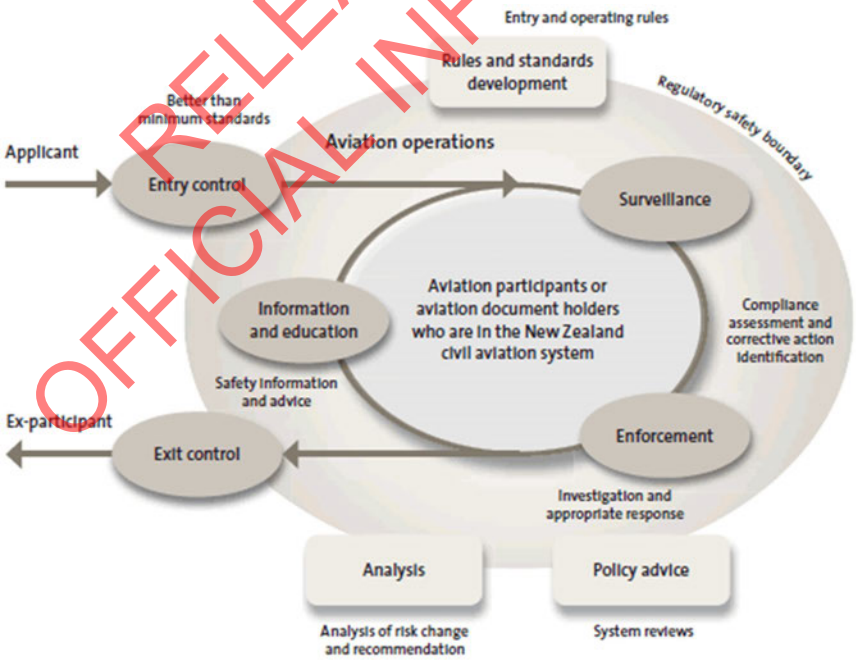
28 As at 30 June 2021, there were 841 organisations that held an aviation document, and 33,990 individual aviation document holders. The vast majority of these are pilot license holders (29,162 individuals).

29 However, the work undertaken by the CAA in this space is complex and is not necessarily linear. Expositions are routinely changed and reviewed as operators change their operations (e.g., introduce new aircraft, move from carrying passengers to freight, introduce new routes) and so the total number of "entry" decisions taken each year cannot be accurately reflected by the number of document holders.

30 The Director has an important role to play at each stage of this process. Each decision to grant a document is made up of many smaller decisions relating to standards set by the Minister (sometimes hundreds of rule-level decisions). Furthermore, decision making relating to aircraft or aeronautical products is often phased over a long period of time, with design and concept proposals, and ongoing testing and trialling.

31 Overall, the proposed review could be of any one of these individual decisions, which (as previously identified) could result in a significant volume of reviews requested and decisions on relatively minor issues being unpicked.

Figure 1. The life-cycle approach to regulating civil aviation



Source: Civil Aviation Authority of New Zealand

The policy could reflect that a higher threshold is required to access reviews

32 The current drafting assumes that any person whose ability to operate within the system is affected by an adverse decision of any kind has opportunity to access the review.

33 However, we do not consider that it should be the policy intent for all minor decisions, and those that do not have a material impact on a person, to necessarily fall within the reviewer's remit. You have indicated in discussion with us that your preference is for a design that first and foremost provides access to issues/cases that have a 'material' impact on a person.

34 On considering all available options, officials recommend taking a similar approach to the UK, whereby the relevant decisions (reviewable decisions) could be specified via another mechanism other than solely in primary legislation. This approach could be bolstered by a regular review of the list of reviewable decisions to ensure the review mechanism remains fit for purpose and is meeting the needs of those who may need to use it, as is the case in the UK.

35 Alternatively, policy criteria to enable the reviewer to make an assessment of whether an issue/case/decision has a 'material' impact, and hence should be subject to review, would need to be defined in the Bill.

36 We elaborate on these options in Table 2.

Table 2. Relative assessment of design options (who has access to the review function)

	Benefits	Drawbacks	Comment
Option 1: All final decisions taken in relation to all people may be reviewed (unless explicitly excluded in primary legislation)	Achieves maximum policy intent for enabling meaningful access to review of regulatory decisions, including decisions on whether or not someone may enter the system.	The scope of decisions that can be reviewed is very broad and may have unintended consequences for the regulator and for the scale of reviews.	Current drafting reflects this approach; however, officials are concerned this option is too broad.
Option 2: Set policy criteria for what meets a threshold for 'material' impact on a person	Speaks directly to the policy intent of ensuring people directly affected by decisions that have a major impact on their prospects or livelihood have access to review, while others less affected do not.	May not be significantly more effective than the existing objective measures (vexatious, frivolous etc). Exceptionally difficult to give effect to. The materiality of a decision differs on a case-by-case basis. Requires policy criteria to be developed to enable the reviewer to make an assessment of "materiality".	Officials do not recommend this approach.

	Benefits	Drawbacks	Comment
Option 3: Set the scope for reviews via an alternative mechanism	List of reviewable decisions would be consulted on with the sector and set by the Minister of Transport after the Bill has been enacted. The types of decisions eligible for review would be periodically reviewed (likely three-yearly) to ensure the review panel remains fit for purpose and is meeting the needs of those who may need to use their services. Aligned with the UK approach.	Not reflected in earlier drafting of the Departmental Report. Provides least visibility, at this stage, to the sector about which decisions will be reviewable (although the review mechanism will still be established).	**Officials' preferred option.** s 9(2)(g)(i) [redacted] The Committee has asked for a paper on this and for this to be discussed on 12 May. If the Committee disagrees then this would require a Supplementary Order Paper.

Design choice 3: Should the review cover people and things?

37 Reviews may relate to decisions about an individual (for example a decision to revoke a pilot's license), or to a decision taken regarding an aviation "thing" that has an impact on the person.

38 The two are inextricably linked and we do not believe it would be appropriate to limit the review to one or the other.

39 The scope and scale of decisions captured is likely to depend on whether a further threshold is introduced as explored in Table 3 above.

Design choice 4: Should the review be focused on setting standards, or applying standards?

40 The review process is not intended to capture the setting of standards within the civil aviation system, which is done for safety, security and in the public interest, but rather focuses on how those standards are applied.

ANNEX 1. COPY OF RELEVANT RECOMMENDATIONS (INDEPENDENT REVIEW)

Clause	Summary of issue and officials' comments	Recommendation
New insertion	Independent review of regulatory decisions – We recommend providing for an independent review process of regulatory decisions made by the CAA and Director when they exercise their functions under the Bill and the corresponding rules and regulations. This independent review will provide for greater transparency of the CAA's regulatory decision-making processes without conflicting with the Director's role in overseeing a safe and secure civil aviation system and the corresponding need for the Director to ultimately be able to make decisions in the public interest. We do not recommend that anyone, other than the Court, have the ability to overturn decisions made by the Director. We consider it fundamental to the safe and secure operation of the aviation system that the Director maintains ultimate responsibility for aviation regulatory decisions unless a decision. Enabling decisions to be overturned by an independent person or body could lead to poor safety outcomes and unclear accountability for the safety and security of the civil aviation system. Independent reviewers would use soft power to influence and draw attention to certain decisions rather than overrule the Director. We suggest that the existing review and appeal mechanisms (e.g., the medical convener process and appeals to the District Court) are maintained in addition to the new process.	We recommend the Bill be amended to: • require the Minister to appoint at least one independent reviewer. • specify that independent reviewers must be suitably experienced, trained, or otherwise qualified to review regulatory decision-making processes, be able to represent the public interest in aviation safety, and not be conflicted about the subject matter of any reviews • enable independent reviewers to call on any necessary expertise to support the review, and to be able to require and accept information from the applicant and the Director, with any necessary caveats due to the nature of information held by the CAA. • require participants submit written applications for independent review of a decision. • specify that all decisions that the Director makes under the Bill (or rules or regulations) carry a right of review. However, we recommend that certain decisions are excluded on the basis that it would be inappropriate for a review, these include – o any decision in relation to a notice of aviation security searching issued under clause 155; o any decision pursuant to a Ministerial direction under clause 357; o any decision take could be subject to a review by the Medical Convener under sections 19 and 20 of Schedule 2; o any decision to initiate proceedings against any offence under this Act or regulations made under this Act; o any decision to create an emergency rule under section 67; o any decision to carry out Director testing under section 116 • outline the process for reviews, including that the independent reviewer must: o complete the review as soon as practicable o have regard to the purposes of the Bill and the Director's duties under the Bill o report findings in writing to the Director as well as to the applicant o consider all relevant information provided o complete the review in private • confirm that any decision by the Director under review remains in force during the review • confirm that when the Director receives the review findings: o the Director will be required to either make a new decision that implements the findings or confirm their existing decision and provide a written explanation to the reviewer and the applicant as to why they haven't implemented the findings; and o if the decision is of a kind for which there is a right of appeal, the time for appeal will run from the confirmed (or new) decision; and o that CAA must hold all review findings submitted to the Director as CA records (under clause 38) • The findings of the independent reviewer are not appealable

Source: Excerpt from Te Pira mō te Mana Rererangi the Civil Aviation Bill: Report of Te Manatū Waka – Ministry of Transport (March 2022), page 22.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Document 6

10 May 2022 OC220376

Hon Michael Wood **Action required by:**

Minister of Transport Thursday, 19 May 2022

ISSUING A GOVERNMENT ROAD SAFETY STRATEGY UNDER THE LAND TRANSPORT RULE: SETTING OF SPEED LIMITS 2022

Purpose

Seek your approval to require *Road to Zero: New Zealand's Road Safety Strategy 2020-2030* to be treated as the Government road safety strategy for the purposes of the Land Transport Rule: Setting of Speed Limits 2022 (the Rule).

Key points

- Clause 3.13 of the Rule provides for the Minister of Transport to issue the Government road safety strategy for the purpose of the Rule. This is achieved by notifying Waka Kotahi or the Director of Land Transport of certain publicly available document(s) that must be treated as the Government road safety strategy.
- The practical effect of issuing a Government road safety strategy under the Rule is that road controlling authorities (RCAs) must have regard to the strategy when setting speed limits under the Rule. For example, any Government road safety strategy must be considered by RCAs under clause 3.2(1)(a) 'Mandatory considerations when preparing any speed management plan' and clause 3.8(1)(b) which requires plans to include an explanation of how the plan is consistent with the road safety aspects of any Government road safety strategy.
- Waka Kotahi have asked that you confirm that *Road to Zero: New Zealand's Road Safety Strategy 2020-2030* (Road to Zero) is the Government road safety strategy for the purposes of the Rule.
- Road to Zero is the appropriate strategy in relation to the Rule as it sets out the Government's vision for road safety and defines key focus areas over the next decade. Focus area one is infrastructure improvements and speed management. Throughout development of the Rule, the intent was that once implemented, Road to Zero would be the Government road safety strategy.
- A draft letter to Waka Kotahi, notifying it that the Road to Zero is to be treated as the Government road safety strategy for the purposes of the Rule, is attached for your consideration. Should you agree, we recommend you sign and issue this letter by 19 May 2022, the date the Rule comes into force.

Recommendations

We recommend you:

1 **agree** to require that *Road to Zero: New Zealand's Road Safety Strategy 2020-2030* be treated as the Government road safety strategy for the purposes of the Land Transport Rule: Setting of Speed Limits 2022 — Yes / No

2 **sign** the attached letter and send it to Waka Kotahi by 19 May 2022 (the date the Land Transport Rule: Setting of Speed Limits 2022 comes into force). — Yes / No

Matthew Skinner
Kaiwhakahaere | Acting Manager, Mobility and Safety
10 / 05 / 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
Andrew Zielinski, Kaitohutohu Matua | Senior Advisor	s 9(2)(a)	✓
Charles Owen, Rōia Matua | Senior Solicitor		
Matthew Skinner, Kaiwhakahaere | Acting Manager, Mobility and Safety		

Hon Michael Wood

Minister of Transport
Minister for Workplace Relations and Safety

Sir Brian Roche
Chair
Waka Kotahi NZ Transport Agency
s 9(2)(a)

Dear Sir Brian

Under the Land Transport Rule: Setting of Speed Limits 2022 (the Rule), which comes into force on 19 May 2022, as Minister of Transport I can require documents to be treated as the Government road safety strategy.

In practice, this means that road controlling authorities must have regard to those documents when setting speed limits under the Rule (for example, under clauses 3.2(1)(a) and 3.8(1)(b) of the Rule).

Clause 3.13 of the Rule provides that "The Minister may, by written notice to the Agency or the Director, require any available document or documents to be treated as the **Government road safety strategy** for the purposes of this Rule."

This letter is written notice under clause 3.13 of the Rule that the document *Road to Zero: New Zealand's Road Safety Strategy 2020-2030* must be treated as the Government road safety strategy for the purposes of the Rule.

Yours sincerely

Hon Michael Wood
Minister of Transport

Copy to: Nicole Rosie, Chief Executive, Waka Kotahi NZ Transport Agency
Kane Patena, Director of Land Transport, Waka Kotahi NZ Transport Agency

Tel: +64 4 817 8731 Private Bag 18041, Parliament Buildings, Wellington 6160 Email: m.wood@ministers.govt.nz www.beehive.govt.nz

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

Document 7

10 May 2022

OC220236

Hon Michael Wood
Minister of Transport

Action required by:
Thursday, 12 May 2022

Hon Nanaia Mahuta
Minister of Foreign Affairs

Action required by:
Thursday, 12 May 2022

NEW ZEALAND AND TIMOR-LESTE: SIGNING AN AIR SERVICES AGREEMENT

Purpose

Seek your approval for New Zealand to sign an air services agreement with Timor-Leste.

Key points

1. Officials have negotiated, by correspondence, an open skies air services agreement with Timor-Leste. Services that might result from the Agreement would enhance New Zealand's international connectivity.

2. Cabinet has recently agreed to delegate to the Ministers of Transport and Foreign Affairs the authority to approve the outcome of air services negotiations, including any resulting treaty action CAB-22 Min 0162 refers).

3. This paper recommends that you approve the text of the Agreement with Timor-Leste and agree that New Zealand sign the Agreement.

4. There are no specific risks associated with the Agreement.

Tom Forster
Manager, Economic Regulation

Mark Sinclair
For Secretary of Foreign Affairs

Recommendations

We recommend you:

1 **note** that a mandate to negotiate an air services agreement with Timor-Leste was issued by the then Ministers of Transport and Foreign Affairs in June 2017

2 **note** that New Zealand and Timor-Leste officials have negotiated, by correspondence, the *Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of New Zealand Relating to Air Services* ("the Agreement")

3 **note** that the Agreement provides for:

- no restriction on the number of flights that may operate, the routes that can be operated and the traffic that can be carried
- the right to operate domestic services in each other's territory
- flexible airline ownership provisions
- flexible tariff filing provisions
- code-sharing, including with airlines of third countries
- comprehensive aviation safety and aviation security provisions

4 **note** that the Minister of Foreign Affairs is to confirm that the Agreement is not a major bilateral treaty of particular significance and, therefore, need not be subject to the Parliamentary treaty examination process

5 **approve** the text of the Agreement (attached), subject to any minor and/or technical changes arising from the process of legal verification and/or translation — Yes / No

6 **agree** that New Zealand sign the Agreement — Yes / No

7 **note** there is an option to sign the Ag eement on 19 May 2022 during the visit to Timor-Leste by Hon Phil Twyford, Minister for Disarmament and Arms Control, and Minister of State for Trade and Export Growth

8 **note** that the Agreement will enter into force on the date of the last notification by which New Zealand and Timor-Leste communicate to each other their compliance with their respective internal procedures

9 **authorise** officials to notify Timor-Leste of the completion of New Zealand's procedures following the signing of the Agreement. — Yes / No

Hon Michael Wood
Minister of Transport

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

Hon Nanaia Mahuta
Minister of Foreign Affairs

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

Minister's office to complete: ☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by events

Comments

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, Ministry of Transport**	s 9(2)(a)	
Jennifer Troup **Unit Manager, South and South East Asia Division, Ministry of Foreign Affairs**	s 9(2)(a)	

NEW ZEALAND AND TIMOR-LESTE: SIGNING AN AIR SERVICES AGREEMENT

1. We propose that Ministers approve, and authorise for signature, the *Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of New Zealand Relating to Air Services* ("the Agreement").

Relation to government priorities

2. Enhanced air services improve New Zealand's connectivity with the rest of the world. This relates to the Government's priority of "accelerating the recovery" from COVID-19 through global trade. Tourism and improved people-to-people links, including for education and business development purposes, will help to accelerate the recovery through the *Reconnecting New Zealanders* strategy.

Background

3. Under an international system dating back to the 1940s, airlines are able to operate international services only where the right to do so has been expressly permitted in a bilateral air services agreement or one of the limited number of multilateral agreements.

4. Among other things, air services agreements set out the routes airlines may operate, the amount of capacity they are entitled to provide and the degree of flexibility they have in the setting of tariffs (fares). Aviation safety and security articles are standard, as are provisions relating to "doing business" matters such as the establishment of local offices and the repatriation of earnings.

5. New Zealand's long-standing International Air Transport Policy promotes the negotiation of air services agreements that will increase New Zealand's global connectivity.

6. New Zealand has been considering the benefits of negotiating an air services agreement with Timor-Leste for a number of years, consistent with various foreign policy goals. These include assisting Timor-Leste expand its international connectivity options, and enhancing New Zealand's linkages in our immediate Asia-Pacific region. There are now few countries in the region with which New Zealand does not have an air services agreement - the Federated States of Micronesia, Palau and the Marshall Islands being among these.

7. Timor-Leste responded positively to New Zealand's proposal for an open skies agreement. The attached Agreement is among the most liberal that we have negotiated. In particular, it permits the airlines of both sides to operate domestic services in the other country where this is the continuation of an international service (a right that is rarely granted by any country). In practical terms, this would mean a New Zealand airline could, for example, link the capital Dili with the Timor-Leste exclave of Oecusse (which is separated, by Indonesian territory, from the rest of Timor-Leste).

The Agreement

8. The Agreement provides for:

   8.1. no restrictions on capacity

   8.2. route and traffic rights that permit the airlines of both sides a high degree of flexibility and opportunity

   8.3. flexible airline ownership provisions

8.4. flexible tariff filing provisions

8.5. code-sharing provisions, including with third-country carriers, with unrestricted capacity and route rights

8.6. standard aviation safety and aviation security provisions.

9. Timor-Leste has found it difficult to maintain aviation connectivity. Although we do not expect airlines to start operating under the Agreement, it does allow for New Zealand airlines to offer dedicated services, especially cargo-only, between Timor-Leste and third countries such as Australia. There are New Zealand operators that would be capable of providing such a service, which would promote competition and otherwise assist Timor-Leste's greater participation in international trade.

Parliamentary treaty examination and entry into force

10. The Minister of Foreign Affairs is to confirm that the Agreement with Timor-Leste need not be subject to the parliamentary treaty examination process because it is not a major bilateral treaty of particular significance, in accordance with Standing Order 405.

11. The Agreement will enter into force once each side has notified the other of the completion of its internal processes for entry into force of international treaties. For New Zealand, this will be once you have jointly approved the text and agreed to the signing of the Agreement.

12. The Agreement will be signed in both English and Portuguese, with the English text prevailing in the event of any conflict of interpretation.

Risks

13. Aviation safety and security are addressed through the inclusion in the ASA with Timor-Leste of internationally accepted standard provisions relating to those two areas. Any airline operating to/from New Zealand is required to meet stringent safety and security standards before being granted the appropriate operating certificate by the Director of Civil Aviation, in addition to the requirements applied in its home state (where relevant).

14. A 'whole of government' approach will be applied as required to manage any potential risks at the border from the increased flight and passenger arrivals that arise from the new air services opportunities. Border agencies (the New Zealand Customs Service, the Ministry of Business, Innovation and Employment, and the Ministry for Primary Industries) are concerned to ensure that airlines licensed to fly to New Zealand can and do meet New Zealand's legislative requirements for advance information provision (Passenger Name Record data and Advance Passenger Processing information), to enable effective risk assessment and management of passengers.

15. Ministry of Transport officials routinely ensure that information on new air services is shared as soon as possible with interested departments. Prospective new airlines are advised as soon as possible of the range of requirements that the New Zealand Government has for passenger processing. The Ministry of Transport also advises any new airlines to engage with the border agencies as soon as possible to ensure that airlines will be compliant with regulatory requirements before services commence.

Signing

16. Subject to ministerial approval, officials will explore opportunities to sign the Agreement. One option might be during the visit to Timor-Leste by Hon Phil Twyford, Minister for Disarmament and Arms Control, and Minister of State for Trade and Export Growth, planned for 19 May 2022.

Consultation

17. This briefing was prepared in consultation with the Ministry of Foreign Affairs and Trade, which agrees with the recommendations.

Democratic Republic of Timor-Leste – New Zealand Air Services Agreement
Index to Agreement

AGREEMENT

BETWEEN

THE GOVERNMENT OF

THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE

AND

THE GOVERNMENT OF NEW ZEALAND

RELATING TO AIR SERVICES

The Government of the Democratic Republic of Timor-Leste and the Government of New Zealand (hereinafter, the Parties);

Being Parties to the Convention on International Civil Aviation opened for signature at Chicago on December 7, 1944;

Desiring to promote an international aviation system based on competition among airlines in the marketplace and wishing to encourage airlines to develop and implement innovative and competitive services;

Recognising that efficient and competitive international air services enhance trade, the welfare of consumers, and economic growth;

Desiring to ensure the highest degree of safety and security in international air transport and reaffirming their grave concern about acts or threats against the security of aircraft, which jeopardise the safety of persons or property, adversely affect the operation of air transport, and undermine public confidence in the safety of civil aviat on,

Have agreed as follows:

ARTICLE 1
Definitions

For the purposes of this Agreement, unless otherwise stated, the term:

(a) "aeronautical authorities" means, in the case of Timor-Leste the Civil Aviation Authority of Timor-Leste and any person or agency authorised to perform any functions at present exercised by said authority, and, in the case of New Zealand, the Minister responsible for civil aviation, and any person or agency authorised to perform the functions exercised by the said Minister;

(b) "agreed services" means services for the uplift and discharge of traffic as defined in Article 3 (Grant of Rights), paragraph 1(c) of this Agreement;

(c) "Agreement" means this Agreement, its Annex, and any amendments thereto;

(d) "air transportation" means the public carriage by aircraft of passengers, baggage, cargo, and mail, separately or in combination, for remuneration or hire;

(e) "airline" means any air transport enterprise marketing or operating air transportation;

(f) "capacity" is the amount(s) of services provided under the Agreement, usually measured in the number of flights (frequencies), or seats or tonnes of cargo offered in a market (city pair, or country-to-country) or on a route during a specific period, such as daily, weekly, seasonally or annually;

(g) "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, and includes:

(i) any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annex or amendment is at any given time in force for both Parties; and

(ii) any amendment which has entered into force under Article 94(a) of the Convention and has been ratified by both Parties;

(h) "designated airline" means an airline or airlines designated and authorised in accordance with Article 2 (Designation, Authorisation and Revocation) of this Agreement;

(i) "ground-handling" includes, but is not limited to, passenger, cargo and baggage handling, and the provision of catering facilities and/or services;

(j) "ICAO" means the International Civil Aviation Organization;

(k) "intermodal air transportation" means the public carriage by aircraft and by one or more surface modes of transport of passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;

(l) "international air transportation" means air transportation which passes through the air space over the territory of more than one State;

(m) "marketing airline" means an airline that offers air transportation on an aircraft operated by another airline;

(n) "operating airline" means an airline that holds the operational control of an aircraft in order to provide air transportation;

(o) "slots" means the right to schedule an aircraft movement at an airport;

(p) "stop for non-traffic purposes" has the meaning assigned to it in Article 96 of the Convention;

(q) "tariffs" means any price, fare, rate or charge for the carriage of passengers, baggage and/or cargo (excluding mail) in international air transportation, including transportation on an intra or interline basis and any other form of transportation sold in connection with the air component, charged by airlines, including their agents, and the conditions governing the availability of such price, fare, rate or charge;

(r) "territory" has the meaning assigned to it in Article 2 of the Convention, and in accordance with international law, provided that, in the case of New Zealand, the term "territory" shall exclude Tokelau.

ARTICLE 2
Designation, Authorisation and Revocation

1. Each Party shall have the right to designate as many airlines as it wishes to conduct international air transportation in accordance with this Agreement, and to withdraw or alter such designations. Such designations shall be transmitted to the other Party in writing through diplomatic channels. Designation shall not be required for airlines exercising only the rights provided for in Article 3 (Grant of Rights), paragraphs 1(a) and 1(b), of this Agreement.

2. On receipt of such a designation, and of applications from a designated airline, in the form and manner prescribed for operating authorisations and technical permissions relating to the operation and navigation of the aircraft the other Party shall, consistent with its laws, regulations and rules, grant the appropriate authorisations and permissions with minimal procedural delay, provided that:

(a) the airline is incorporated and has its principal place of business in the territory of the Party designating the airline;

(b) effective regulatory control of the airline is vested in the Party designating the airline;

(c) the airline is qualified to meet the conditions prescribed under the laws, regulations and rules normally and reasonably applied to the operation of international air transportation by the Party considering the application or applications, in conformity with the provisions of the Convention;

(d) the airline holds the necessary operating permits; and

(e) the Party designating the airline is maintaining and administering the standards set forth in Article 6 (Safety) and Article 7 (Aviation Security) of this Agreement.

3. When an airline has been so designated and authorised it may commence international air transportation, provided that the airline complies with the applicable provisions of this Agreement.

4. Either Party may withhold, revoke, suspend or limit the operating authorisations or technical permissions of an airline designated by the other Party, at any time, if the conditions specified in paragraph 2 of this Article are not met, if the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement, or if it has been determined by a Party that conditions in the territory of the other Party are not consistent with a fair and competitive environment and are resulting in a significant disadvantage or harm to its airline or airlines.

5. Unless immediate action is essential to prevent further non-compliance with paragraphs 2(c) to 2(e) of this Article, the rights established by paragraph 4 of this Article shall be exercised only after consultation with the other Party.

6. This Article does not limit the rights of either Party to withhold, revoke, limit or impose conditions on the operating authorisation or technical permission of an airline or airlines of the other Party in accordance with the provisions of Article 6 (Safety) or Article 7 (Aviation Security) of this Agreement.

ARTICLE 3
Grant of Rights

1. Each Party grants to the other Party the following rights for the conduct of international air transportation by the airlines of the other Party:

(a) the right to fly across its territory without landing;

(b) the right to make stops in its territory for non-traffic purposes;

(c) the rights for designated airlines to operate services on the route specified in the Annex to this Agreement and to make stops in its territory for the purpose of taking on board and discharging passengers, cargo and mail, hereinafter called the "agreed services"; and

(d) the rights otherwise specified in this Agreement.

2. Paragraph 1(c) of this Article, together with the respective Routes 1 in Section 1 of the Annex to this Agreement, shall be interpreted as conferring on the designated airlines of each Party the right to take on board in the territory of the other Party passengers, their baggage, cargo or mail carried for remuneration or hire and destined for a point in the territory of the other Party.

3. The provisions of this Agreement as set out in Article 4 (Application of Laws, Regulations and Rules), Article 5 (Recognition of Certificates), Article 6 (Safety), Article 7 (Aviation Security), Article 8 (User Charges), Article 9 (Statistics), Article 10 (Customs Duties and Other Charges), Article 11 (Tariffs), paragraphs 2, 3, 4 and 7 of Article 13 (Commercial Opportunities), and Article 15 (Consultations), apply to non-scheduled international air transport as well as charters performed by the airlines of one Party into or from the territory of the other Party. These rights shall also extend to airlines that have not been designated. When granting such requested authorisations and permissions to an air carrier, on receipt of an application to operate charters and other non-scheduled flights, the Parties shall act with minimum procedural delay.

4. The provisions of paragraph 3 of this Article shall not affect any applicable national laws, regulations and rules governing the authorisation of charters or non-scheduled flights or the conduct of airlines or other parties involved in the organisation of such operations.

ARTICLE 4
Application of Laws, Regulations and Rules

1. While entering, within, or leaving the territory of one Party, its laws, regulations and rules relating to the operation and navigation of aircraft shall be complied with by the other Party's airlines.

2. While entering, within, or leaving the territory of one Party, its laws, regulations and rules relating to the admission to or departure from its territory of passengers, crew, cargo and aircraft (including regulations and rules relating to entry, clearance, aviation security, immigration, passports, advance passenger information, customs and sanitary control or, in the case of mail, postal regulations) shall apply to such passengers and crew and in relation to such cargo of the other Party's airlines.

3. Neither Party shall give preference to its own or any other airline over an airline of the other Party engaged in similar international air transportation in the application of its entry, clearance, aviation security, immigration, passports, advance passenger information, customs and sanitary control, postal and similar regulations.

4. Passengers, baggage and cargo in direct transit through the territory of either Party and not leaving the area of the airport reserved for such purpose may be subject to examination in respect of aviation security, narcotics control, biosecurity, public health, carriage of prohibited items and immigration requirements, or in other special cases where such examination is required having regard to the laws and regulations of the relevant Party and to the particular circumstances. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

5. The competition laws of each Party, as amended from time to time, shall apply to the operation of the airlines within the jurisdiction of the respective Party.

ARTICLE 5
Recognition of Certificates and Licences

1. Certificates of airworthiness, certifi ates of competency and licences issued or rendered valid in accordance with the rules and procedures of one Party, and still in force, shall be recognised as valid by the other Party for the purpose of operating the agreed services, provided that the requirements under which such certificates and licences were issued, or rendered valid, are equal to or above the minimum standards established pursuant to the Convention.

2. If the privileges or conditions of the licences or certificates referred to in paragraph 1 of this Article, issued by the aeronautical authorities of one Party to any person or designated airline or in respect of an aircraft used in the operation of the agreed services, should permit a difference from the minimum standards established under the Convention, and which difference has been filed with ICAO, the other Party may request consultations between the aeronautical authorities with a view to clarifying the practice in question.

3. Each Party reserves the right, however, to refuse to recognise for the purpose of flights above or landing within its own territory, certificates of competency and licences granted to its own nationals or in relation to its registered aircraft by the other Party.

ARTICLE 6
Safety

1. Each Party may request consultations at any time concerning the safety standards in any area relating to aeronautical facilities, flight crew, aircraft or their operation. Such consultations shall take place within thirty (30) days of that request.

2. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Party shall notify the other Party of those findings and the steps considered necessary to conform with those minimum standards and that other Party shall then take appropriate corrective action. Failure by the other Party to take appropriate action within fifteen (15) days, or such longer period as may be agreed, shall be grounds for the application of Article 2 (Designation, Authorisation and Revocation) of this Agreement.

3. Paragraphs 4 to 7 of this Article supplement paragraphs 1 and 2 of this Article and the obligations of the Parties under Article 33 of the Convention.

4. Pursuant to Article 16 of the Convention, it is further agreed that any aircraft operated by, or under a lease arrangement on behalf of, an airline or airlines of one Party, on services to or from the territory of the other Party may, while within the territory of the other Party, be made the subject of a search by the authorised representatives of the other Party, on board and around the aircraft. The purpose of the examination is to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called "ramp inspection"), provided this does not lead to unreasonable delay.

5. If any such ramp inspection or series of ramp inspections gives rise to:

a) serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Convention; or

b) serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention,

the Party carrying out the inspection shall, for the purposes of Article 33 of the Convention, be free to conclude that the requirements under which the certificate or licences in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid, or that the requirements under which that aircraft is operated, are not equal to or above the minimum standards established pursuant to the Convention.

6. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by or on behalf of the airline or airlines of one Party in accordance with paragraph 4 of this Article is denied by the representative of that airline or airlines, the other Party shall be free to infer that serious concerns of the type referred to in paragraph 5 of this Article arise and draw the conclusions referred to in that paragraph.

7. Each Party reserves the right to immediately suspend or vary the operating authorisation of an airline or airlines of the other Party in the event the first Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of an airline operation.

8. Any action by one Party in accordance with paragraphs 2 or 7 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

ARTICLE 7
Aviation Security

1. Consistent with their rights and obligations under international law, the Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Parties shall in particular act in conformity with the provisions of the *Convention on Offences and Certain Other Acts Committed on Board Aircraft*, signed at Tokyo on 14 September 1963, the *Convention for the Suppression of Unlawful Seizure of Aircraft*, signed at The Hague on 16 December 1970 and the *Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation*, signed at Montreal on 23 September 1971, its *Supplementary Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation*, signed at Montreal on 24 February 1988, and the *Convention on the Marking of Plastic Explosives for the Purpose of Detection*, signed at Montreal on 1 March, 1991, as well as with any other convention and protocol relating to the security of civil aviation which both Parties adhere to.

2. The Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

3. The Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by ICAO and designated as Annexes to the Convention. The Parties shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions. Each Party shall advise the other Party of any difference between its national regulations and practices and the aviation security standards of the Annexes. Either Party may request consultations with the other Party at any time to discuss any such differences.

4. Operators of aircraft under this Agreement may be required to observe the aviation security provisions referred to in paragraph 3 of this Article required by the other Party for entry into, departure from, or while within the territory of that other Party. Each Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Party shall also consider any request from the other Party for reasonable special security measures to meet a particular threat.

5. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

6. Each Party shall take such measures as it may find practicable to ensure that an aircraft of the other Party which is subjected to an act of unlawful seizure or other acts of unlawful interference and which lands in its territory is detained on the ground unless its departure is necessitated by the overriding duty to protect human life. Wherever practicable, such measures shall be taken on the basis of mutual consultations.

7. Each Party shall have the right, within sixty (60) days following giving notice (or such shorter period as may be agreed between the aeronautical authorities), for its aeronautical authorities to conduct an assessment in the territory of the other Party of the security measures being carried out, or planned to be carried out, by aircraft operators in respect of flights arriving from, or departing to the territory of the first Party. The administrative arrangements for the conduct of such assessments shall be mutually determined by the aeronautical authorities and implemented without delay so as to ensure that assessments will be conducted expeditiously.

8. When a Party has reasonable grounds to believe that the other Party has departed from the provisions of this Article, the first Party may request immediate consultations. Such consultations shall start within fifteen (15) days of receipt of such a request from either Party. Failure to reach a satisfactory agreement within fifteen (15) days from the start of consultations, or such other period as may be agreed upon between the Parties, shall constitute grounds for withholding, revoking, suspending or imposing conditions on the authorisations of the airline or airlines designated by the other Party. When justified by an emergency, or to prevent further non-compliance with the provisions of this Article, the first Party may take interim action at any time. Any action taken in accordance with this paragraph shall be discontinued upon compliance by the other Party with the security provisions of this Article.

ARTICLE 8
User Charges

1. Each Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the airlines of the other Party for the use of navigation, air traffic control services, aviation security and related facilities and services shall be just, reasonable, cost-related and non-discriminatory. In any event, any such user charges shall be assessed on the airlines of the other Party on terms not less favourable than the most favourable terms available to any other airline.

2. The charges for the services referred to in paragraph 1 of this Article should be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. These charges may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport and aviation security facilities and services at that airport. These charges may include a reasonable return on assets, after depreciation.

3. For charges to be non-discriminatory, they should be levied on foreign airlines at a rate no higher than the rate imposed on a Party's own airlines operating similar international services.

4. The Parties shall encourage the exchange of such information between the competent charging authorities and the airlines using the services and facilities as may be necessary to permit a full assessment of the reasonableness of, justification for, and apportionment of the charges in accordance with paragraphs 1 and 2 of this Article.

5. Reasonable notice of any proposals for changes in user charges should be given by each Party to users in its territory and the airlines using the services and facilities to enable them to express their views before changes are made.

ARTICLE 9
Statistics

The aeronautical authorities of one Party may require a designated airline of the other Party to provide statements of statistics related to the traffic carried by that airline on services performed under this Agreement. The aeronautical authorities of each Party may determine the nature of the statistics required to be provided by the designated airlines and shall apply these requirements on a non-discriminatory basis.

ARTICLE 10
Customs Duties and Other Charges

1. Aircraft operated in international air transportation by the airlines of each Party shall be exempt from all import restrictions, customs duties, excise taxes, and similar fees and charges imposed by national authorities. Component parts, normal aircraft equipment and other items intended for or used solely in connection with the operation or for the repair, maintenance and servicing of such aircraft shall be similarly exempt, provided such equipment and items are for use on board an aircraft and are re-exported.

2. (a) Provided in each case that they are for use on board an aircraft in connection with the establishment or maintenance of international air transportation by the airline concerned, the following items shall, on the basis of reciprocity and to the fullest extent possible under the national law of each Party, be exempt from all import restrictions, customs duties, excise taxes, and similar fees and charges imposed by national authorities, whether they are introduced by an airline of one Party into the territory of the other Party or supplied to an airline of one Party in the territory of the other Party:

(i) aircraft stores (including but not limited to such items as food, beverages and products destined for sale to, or use by, passengers during flight);

(ii) fuel, lubricants (in luding hydraulic fluids) and consumable technical supplies; and

(iii) spare parts including engines.

(b) These exemptions shall apply even when these items are to be used on any part of a journey performed over the territory of the other Party in which they have been taken on board.

3. The exemptions provided by this Article shall not extend to charges based on the cost of services provided to the airlines of a Party in the territory of the other Party.

4. The normal aircraft equipment, as well as spare parts (including engines), supplies of fuel, lubricating oils (including hydraulic fluids) and lubricants and other items mentioned in paragraphs 1 and 2 of this Article retained on board the aircraft operated by the airlines of one Party may be unloaded in the territory of the other Party only with the approval of the customs authorities of that territory. Aircraft stores intended for use on the airlines' services may, in any case, be unloaded. Equipment and supplies referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the appropriate authorities until they are re-exported or otherwise disposed of in accordance with the customs laws and procedures of that Party.

5. The exemptions provided for by this Article shall also be available in situations where the airline or airlines of one Party have entered into arrangements with another airline or airlines for the loan or transfer in the territory of the other Party of the items specified in paragraphs 1 and 2 of this Article, provided such other airline or airlines similarly enjoy such relief from the other Party.

ARTICLE 11
Tariffs

1. Each Party shall allow each airline to freely determine its own tariffs for the transportation of traffic on the basis of free and fair competition.

2. The Parties may require such tariffs to be filed with their aeronautical authorities.

3. The Parties acknowledge that market forces shall be the primary consideration in the establishment of tariffs for air transportation. Without limiting the application of general competition and consumer law, existing or approved in the future, in each Party, consultations may be initiated by either Party in accordance with Article 15 (Consultations) of this Agreement for the:

(a) prevention of unreasonably discriminatory tariffs or practices;

(b) protection of consumers from tariffs that are unreasonably high or restrictive due to the abuse of a dominant position or due to concerted practices among air carriers;

(c) protection of airlines from prices that are artificially low due to direct or indirect government subsidy or support; and

(d) protection of airlines from tariffs that are artificially low, where evidence exists as to an intent of eliminating competition.

ARTICLE 12
Capacity

1. The designated airlines of each Party shall enjoy fair and equal opportunity to operate the agreed services in accordance with this Agreement.

2. Each Party shall allow each designated airline to determine the frequency and capacity of the international air transport it offers based upon commercial considerations in the marketplace. Consistent with this right, neither Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the designated airline of the other Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention.

3. Neither Party shall impose on the other Party's designated airline a first-refusal requirement, uplift ratio, no-objection fee, or any other requirement with respect to capacity, frequency or traffic that would be inconsistent with the purposes of this Agreement.

ARTICLE 13
Commercial Opportunities

1. The airlines of each Party shall have the following rights in the territory of the other Party:

(a) the right to establish offices, including offline offices, for the promotion, sale and management of air transportation;

(b) the right to engage in the sale and marketing of air transportation to any person directly and, at its discretion, through its agents or intermediaries, using its own transportation documents; and

(c) the right to use the services and personnel of any organisation, company or airline operating in the territory of the other Party.

2. In accordance with the laws and regulations relating to entry, residence and employment of the other Party the airlines of each Party shall be entitled to bring in and maintain in the territory of the other Party those of their own managerial, sales, technical, operational and other specialist staff which the airline reasonably considers necessary for the provision of air transportation. Consistent with such laws and regulations, each Party shall, with the minimum of delay, grant the necessary employment authorisations, visas or other similar documents to the representatives and staff referred to in this paragraph.

3. The airlines of each Party shall have the right to sell air transportation, and any person shall be free to purchase such transportation, in local or freely convertible currencies. Each airline shall have the right to convert their funds into any freely convertible currency and to transfer them from the territory of the other Party. Subject to the national laws, regulations and policy of the other Party, conversion and transfer of funds obtained in the ordinary course of their operations shall be permitted at the foreign exchange market rates for payments prevailing at the time of submission of the requests for conversion or transfer and shall not be subject to any charges except normal service charges levied for such transactions.

4. The transfer of funds and the conversion of foreign currency shall be subject to the tax legislation of each Party. If there is an agreement between the Parties to avoid double taxation, the provisions of that agreement shall prevail.

5. The airlines of each Party shall have the right at their discretion to pay for local expenses, including purchases of fuel, in the territory of the other Party in local currency or, provided this accords with local currency regulations, in freely convertible currencies.

6. (a) In operating or holding out international air transportation the airlines of each Party shall have the right, over all or any part of their route in the Annex to this Agreement, to enter into code share, blocked space or other cooperative marketing arrangements, as the marketing and/or operating airline, with any other airline, including airlines of the same Party and of third Parties. Subject to paragraph 6(d) of this Article, the airlines participating in such arrangements must hold the appropriate authority or authorities to conduct international air transportation on the routes or segments concerned.

(b) Unless otherwise mutually determined by the aeronautical authorities of the Parties, the volume of capacity or service frequencies which may be held out and sold by the airlines of each Party, when code sharing as the marketing airline, shall not be subject to limitations under this Agreement.

(c) Unless otherwise mutually determined by the aeronautical authorities of the Parties, the airlines of each Party, when code sharing as the marketing airline, may exercise unrestricted traffic rights.

(d) The aeronautical authority of one Party shall not withhold permission for an airline of the other Party to code-share on an aircraft operated by an airline of a third party on the basis that there is no express code-share provision between the first Party and the third party that has designated the operating airline. Likewise, the aeronautical authority of one Party shall not withhold permission for an airline of the other Party to operate a flight on which a third party airline is the marketing carrier on the basis that there is no express code-share provision between the first Party and the third party.

(e) The airlines of each Party may market code share services on domestic flights operated within the territory of the other Party.

(f) The airlines of each Party shall, when holding out international air transportation for sale, make it clear to the purchaser at the point of sale which airline will be the operating airline on each sector of the journey and with which airline or airlines the purchaser is entering into a contractual relationship.

7. The airlines of each Party shall have the right to perform their own ground-handling in the territory of the other Party, or contract with a competing agent of their choice, for such services in whole or in part. These rights shall be subject only to restrictions resulting from considerations of airport safety or security. Where such considerations preclude an airline from performing its own ground-handling or contracting with an agent of its choice for ground-handling services, these services shall be made available to that airline on a basis of equality with all other airlines.

8. The airlines of each Party shall be permitted to conduct international air transportation using aircraft (or aircraft and crew) leased from any company, including other airlines, provided only that the operating aircraft and crew meet the applicable operating and safety standards and requirements. For the purposes of this paragraph, where the operator of the leased aircraft is from a third party, that operator shall not be required to have underlying route authority.

9. Each Party shall ensure that airports, airways, air traffic control and air navigation services, aviation security, ground handling, and other related facilities and services serving international aviation provided in the territory of each Party shall be available for use on a non-discriminatory basis to the airlines of the other Party at the time arrangements for use are made.

ARTICLE 14
Intermodal Services

The designated airlines of each Party shall be permitted to employ, in connection with international air transport, any surface transport to or from any points in the territories of the Parties or third countries, including transport to and from all airports with customs facilities, and including, where applicable, the right to transport cargo in bond under applicable laws and regulations. Access to airport customs processing and facilities shall be provided for such cargo, whether moving by surface or by air. Airlines may elect to perform their own surface transport or to provide it through arrangements, including code share, with other surface, land or maritime, carriers. Such intermodal services may be offered as a through service and at a single price for the air and surface transport combined, provided that passengers and shippers are informed as to the providers of the transport involved.

ARTICLE 15
Consultations

1. Either Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement.

2. Subject to Articles 2 (Designation, Authorisation and Revocation), 6 (Safety) and 7 (Aviation Security) of this Agreement, such consultations, which may be through discussion or correspondence, shall begin within a period of sixty (60) days of the date of receipt of such a request, unless otherwise mutually decided.

ARTICLE 16
Amendment of Agreement

1. This Agreement may be amended by agreement in writing between the Parties.

2. Any such amendment shall enter into force when the Parties have notified each other in writing that their respective requirements for the entry into force of an amendment have been met.

3. If a multilateral convention concerning air transportation comes into force in respect of both Parties, this Agreement shall be deemed to be amended so far as is necessary to conform to the provisions of that convention.

ARTICLE 17
Settlement of Disputes

1. Any dispute between the Parties concerning the interpretation or application of this Agreement, with the exception of any dispute concerning tariffs or the application of national competition laws, which cannot be settled by consultations or negotiations, shall, at the request of either Party, be submitted to an arbitral tribunal.

2. Within a period of thirty (30) days from the date of receipt by either Party from the other Party of a note through the diplomatic channel requesting arbitration of the dispute by a tribunal, each Party shall nominate an arbitrator. Within a period of thirty (30) days from the appointment of the arbitrator last appointed, the two arbitrators shall appoint a president who shall be a national of a third State. If within thirty (30) days after one of the Parties has nominated its arbitrator, the other Party has not nominated its own or, if within thirty (30) days following the nomination of the second arbitrator, both arbitrators have not agreed on the appointment of the president, either Party may request the President of the Council of ICAO to appoint an arbitrator or arbitrators as the case requires. If the President of the Council is of the same nationality as one of the Parties, the most senior Vice President who is not disqualified on that ground shall make the appointment.

3. Except as otherwise determined by the Parties or prescribed by the tribunal, each Party shall submit a memorandum within thirty (30) days after the tribunal is fully constituted. Replies shall be due within thirty (30) days. The tribunal shall hold a hearing at the request of either Party, or at its discretion, within thirty (30) days after replies are due.

4. The tribunal shall attempt to give a written award within thirty (30) days after completion of the hearing, or, if no hearing is held, after the date both replies are submitted. The award shall be taken by a majority vote.

5. The Parties may submit requests for clarification of the award within fifteen (15) days after it is received, and such clarification shall be issued within fifteen (15) days of such request.

6. The award of the arbitral tribunal shall be final and binding upon the Parties to the dispute.

7. The expenses of arbitration under this Article shall be shared equally between the Parties.

8. If and for so long as either Party fails to comply with an award under paragraph 6 of this Article, the other Party may limit, suspend or revoke any rights or privileges which it has granted by virtue of this Agreement to the Party in default.

ARTICLE 18
Duration and Termination

1. This agreement shall remain in force for an indefinite period.

2. Either Party may at any time give notice in writing to the other Party of its decision to terminate this Agreement. Such notice shall be communicated simultaneously to ICAO. The Agreement shall terminate at midnight (at the place of receipt of the notice to the other Party) immediately before the first yearly anniversary of the date of receipt of notice by the Party, unless the notice is withdrawn by mutual decision of the Parties before the end of this period.

3. In default of acknowledgement of receipt of a notice of termination by the other Party, the notice shall be deemed to have been received fourteen (14) days after the date on which ICAO acknowledged receipt thereof.

ARTICLE 19
Registration with ICAO

This Agreement and any amendment thereto shall be registered with ICAO by New Zealand.

ARTICLE 20
Entry into Force and Provisional Application

1. This Agreement shall enter into force when the Parties have notified each other through diplomatic channels in writing that their respective requirements for the entry into force of this Agreement have been satisfied.

2. This Agreement and its Annex shall be applied on a provisional basis from the date of its signature.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto by their respective governments, have signed this Agreement on air services.

DONE at [place] , this [day] day of [month] , [year] , in the Portuguese and English languages. In the event of any conflict between the English language version and the Portuguese language version, the English language version of this Agreement will prevail.

For the Government of the Democratic Republic of Timor-Leste	For the Government of New Zealand

ANNEX
Section 1
ROUTE SCHEDULE

The designated airlines of each Party shall be entitled to perform international air transportation between points on the following routes:

Route for the designated airlines of the Democratic Republic of Timor-Leste:

1.

Points Behind	Points in Democratic Republic of Timor-Leste	Intermediate Points	Points in New Zealand	Beyond Points
Any	Any	Any	Any	Any

2. Between New Zealand and any points.

Route for the designated airlines of New Zealand:

1.

Points Behind	Points in New Zealand	Intermediate Points	Points in Democratic Republic of Timor-Leste	Beyond Points
Any	Any	Any	Any	Any

2. Between Timor-Leste and any points.

Notes:

The designated airlines of each Party may, at their option, omit the behind, intermediate and beyond points on their respective Route 1 above.

Section 2

OPERATIONAL FLEXIBILITY

Subject to Section 1 of this Annex, the designated airlines of each Party may, on any or all services and at the option of each airline:

(a) perform services in either or both directions;

(b) combine different flight numbers within one aircraft operation;

(c) transfer traffic from any aircraft to any other aircraft at any point on the route;

(e) serve behind, intermediate, and beyond points and points in the territories of the Parties on the routes in any combination and in any order;

(f) omit stops at any point or points;

(g) serve points behind any point in its territory with or without change of aircraft or flight number and hold out and advertise such services to the public as through services,

without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under this Agreement.

Section 3

CHANGE OF GAUGE

On any sector or sectors of the routes in Section 1 of this Annex, any airline shall be entitled to perform international air transportation, including under code sharing arrangements with other airlines, without any limitation as to change at any point or points on the route, in the type, size or number of aircraft operated.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Document 10

20 May 2022 OC220321

Hon Michael Wood **Action required by:**

Minister of Transport Friday, 3 June 2022

KIWIRAIL DELEGATION LETTER FOR THE ASHBURTON FAIRFIELD FREIGHT HUB PROJECT

Purpose

This briefing seeks your approval and signature on the attached KiwiRail Delegation Letter for the rail siding infrastructure component of the Ashburton Fairfield Freight Hub project (the Project).

Key points

- The Ashburton Fairfield Freight Hub is a joint project between KiwiRail, the Ashburton District Council, and a private freight operator the Wareing Group. The objective of this Project is to relocate the freight hub from the centre of Ashburton to the industrial area at Fairton, about five kilometres north of Ashburton town centre. This relocation triples the rail freight capacity in the region from 6,000 containers to 20,000 containers per year.

- In March 2022, you and the Minister of Finance (as Joint Ministers) approved $2.500 million for KiwiRail to address a shortfall in the rail siding infrastructure component (rail component) of this Project. The total cost of the rail component is s 9(2)(b)(ii) Funding for the Project is from reprioritisation of the funding set aside for the cancelled Northern Pathway project in the New Zealand Upgrade Programme (NZUP) and has been d awn down from the *New Zealand Upgrade Transport Projects – Tagged Capital Contingency* [OC220102 refers].

- As a condition to draw down these funds, Joint Ministers also agreed that a specific Delegation Letter would be provided to the KiwiRail Board for the rail component. The attached letter sets your expectations regarding the oversight and monitoring, reporting and escalation thresholds relating to the rail component of this Project. It is also in line with the Delegation Letter you sent to the KiwiRail Board on 24 September 2021 regarding your expectations about several other NZUP projects and the Programme Working Arrangements and Processes document (as agreed by the Programme Working Group on 22 December 2021).

- We have consulted with KiwiRail and the Treasury, whilst developing this Delegation Letter.

Recommendations

We recommend you:

1	**sign** the attached Delegation Letter	Yes / No
2	**refer** this briefing and attached Delegation Letter for the rail component to the Minister of Finance for his records	Yes / No

Fleur D'Souza
Manager, Programme Assurance and Commercial
20 / May / 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
Prince Siddharth, Senior Advisor, Programme Assurance and Commercial	s 9(2)(a)	✓
Fleur D'Souza, Manager, Programme Assurance and Commercial		

Hon Michael Wood

Minister of Transport
Minister for Workplace Relations and Safety

David McLean
Chair
KiwiRail
PO Box 593
WELLINGTON 6140

Dear David

Thank you for your company's cooperative work with Waka Kotahi NZ Transport Agency, the Ministry of Transport (the Ministry) and the Treasury to provide me with advice on the ongoing delivery of the New Zealand Upgrade Programme (the Programme). KiwiRail has continued to make a great deal of progress in bringing the Programme to life.

This letter sets out that the Minister of Finance and I (as Joint Ministers) agree to delegate decision making to the KiwiRail Board to manage Crown funding of $2.500 million for the rail siding infrastructure component (rail component) of the Ashburton Fairfield Freight Hub project ('the Project'), which has a total cost of s 9(2)(b)(ii) The rail component of the Project has been included as part of the Programme.

This delegation aims to provide the KiwiRail Board with flexibility to utilise existing capabilities to deliver the rail component, while recognising the Crown's role as a funder and the reporting requirements that apply. Joint Ministers may review, amend or revoke the delegations and conditions at any time. For the absence of doubt, the Crown remains the funder and owner of the Programme and any change to delegations will not change the Crown's responsibility to reimburse KiwiRail for project spend and commitments reasonably incurred.

My expectations set out in this letter are drawn from and align with the information agreed in the advice provided by the Ministry of Transport [reference OC220102].

Regarding overall project accountability, I acknowledge that:

- the Project is ultimately the responsibility of the Wareing Group who will fund, own and operate their freight assets as reflected by the major proportion of the overall investment by, and commercial risk vested with, the Wareing Group
- Ashburton District Council is a funder and lender to the Wareing Group
- the Crown, KiwiRail (through its own funds) and the Wareing Group will all contribute to the cost of the rail component.

For avoidance of any doubt, any relevant reporting requirements apply to just the rail component. Delivery of the Wareing Group's freight assets is not the responsibility of the Crown or of KiwiRail.

As with my expectations of the KiwiRail Board for those Programme projects mentioned in my Delegation Letter on 24 September 2021 to you, I continue to place a high level of reliance on KiwiRail's internal monitoring and assurance processes to escalate risk and issues to me on

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the rail siding infrastructure component of this project. Therefore, I continue to hold the KiwiRail Board directly accountable to provide comprehensive assurance and a high level of accountability and transparency to me on the Programme. I appreciate that KiwiRail has already included the rail component as part of your regular reporting on the Programme.

Annex 1 contains my Delegation Letter sent to you on 24 September 2021 for your reference ('previous Delegation Letter').

The rail component of the Project has been categorised as a lower risk project. You are expected to provide a Baseline Report for the rail component to officials. Table 1 below provides a summary of the rail component.

Table 1 – Rail component summary

Risk category	Lower
Baseline document	Baseline Report
Baseline document due date to officials	30 June 2022
Total rail component cost ($m)	s 9(2)(b)(ii)
KiwiRail funding contribution ($m)	
Rail – KiwiRail Holdings Limited appropriation ($m)	2.500
Total approved funding ($m)	2.500

In your reply to this letter, please confirm that you are able to provide me with the baseline report for the rail component by the date shown in Table 1 or otherwise advise of the appropriate date.

Oversight and monitoring

The Ministry and Treasury will monitor the rail component of the Project in line with other KiwiRail projects in the Programme. The Treasury will continue to monitor KiwiRail's commercial performance, such as the ongoing revenue benefits of an uplift in container capacity. However, these agencies are not accountable for Programme assurance, or identification of project risks. Instead, the Ministry will undertake its standard role to Vote Transport accountability, with an additional ability to review reporting and escalate as appropriate.

The oversight and monitoring arrangements mentioned in my previous Delegation Letter apply to the rail component as well. I expect these arrangements to be exercised proportionately given the rail component forms a low value and low risk part of the Programme.

Reporting

I expect you to report on the rail component of the Project as part of your monthly Programme reporting, which includes the scope, cost and schedule for the rail component.

The reporting requirements mentioned in my previous Delegation Letter apply to the rail component as well.

Baseline Report

Keeping in line with requirements for other projects in the Programme, our officials are to be provided with a Baseline Report for the rail component of the Project. The Baseline Report

requirements as mentioned in my previous Delegation Letter apply to the rail component as well.

For the avoidance of doubt, the Baseline Report will not require approval by Joint Ministers given that the rail component is a lower risk project, for which responsibility sits with KiwiRail.

Escalation thresholds

The escalation thresholds for the rail component of the Project mentioned in Table 2 below will be determined in the Baseline Report. When thresholds are triggered, I expect you to notify Joint Ministers through a written briefing of risks to cost, schedule and scope. Where a scope change occurs and is close to, but does not trigger the threshold, I remind you that this should be reported through to Joint Ministers as part of your general monthly reporting.

Table 2 – Escalation Thresholds (to be determined in the Baseline Report)

Escalation threshold component	Escalation threshold trigger
Scope	Any change to outputs, as defined in the Baseline Report, that significantly impacts the Project benefits and outcomes.
Cost	Not applicable since there is a fixed level of contribution.
Schedule	Since the main construction contract for the Project has not yet been awarded: - Construction start is delayed by 6 months - Construction end is delayed by 6 months

The escalation process defined in my previous Delegation Letter continues to apply. I recognise that the Project, unlike others in the Programme, is predominantly funded on a commercial basis by the Wareing Group and KiwiRail. For the avoidance of doubt, an escalation will inform Joint Ministers of the impact but is not expected to result in the Project's contribution being more or less than $2.500 million.

Access to contingency

Crown funding of $2.500 million for the rail component of the Project is appropriated through the Rail – KiwiRail Holdings Limited appropriation (refer Table 1).

s 9(2)(f)(iv) [redacted] As such the $2.500 million will be provided as a single lump-sum payment at the beginning of the rail component construction.

Drawdown arrangements

The arrangements for drawdown of Crown funding for KiwiRail projects is dependent on the provision of forecasted cashflows and agreed supporting information from the KiwiRail Board. The drawdown of Crown funding for the rail component of the Project will follow existing arrangements for share subscription and release of equity funding between KiwiRail and the Treasury.

I expect you to follow the drawdown request guidelines mentioned in my previous Delegation Letter.

In closing, please convey our thanks to the Board and staff members for their ongoing hard work on the Programme. I look forward to your favourable response.

Yours sincerely

Hon Michael Wood
Minister of Transport

Copy: Hon Grant Robertson
Minister of Finance

David Gordon
Acting Chief Executive, KiwiRail

Bryn Gandy
Acting Chief Executive, Ministry of Transport

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ANNEX 1: KIWIRAIL DELEGATION LETTER SENT ON 24 SEPTEMBER 2021

Refused under Section 18(d). The document is available online at: www.transport.govt.nz/assets/Uploads/KiwiRail-Delegation-Letter-Hon-Michael-Wood_for-release.pdf

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Document 11

24 May 2022

OC220420

Hon Michael Wood
Minister of Transport

MEETING WITH VERTUS ENERGY - 26 MAY 2022

Snapshot

Support your on-site meeting with Vertus Energy co-founders, who have requested to meet with you to demonstrate Vertus Energy's work on renewable fuels and energy production and potential for contribution to New Zealand's wider transport decarbonisation objectives.

Time and date	**10.30am – 11.30am, 26 May 2022**
Venue	Outset Ventures Building - 40 Kenwyn St., Parnell, Auckland
Attendees	Santiago de los Reyes, Vertus Energy Co-founder Danilo Perez, Vertus Energy Co-founder Benjamin Howard, Vertus Energy Co-founder Freddy Gonzalez, Vertus Energy Co-founder Imche Fourie, CEO, Outset Ventures
Officials attending	N/A

Contacts

Name	Telephone	First contact
Ewan Delany, Manager, Environment, Emissions & Adaptation	s 9(2)(a)	✓
HanLing Petredean, Senior Advisor, Environment, Emissions & Adaptation		

Meeting with Vertus Energy - 26 May 2022

Key points

- Vertus Energy is an Auckland-based biotechnology start-up specialising in renewable energy and fuels research and development. You have previously met with Vertus Energy prior to the COVID-19 pandemic to discuss its developing innovation and technology for waste minimisation and biofuels generation.

- Vertus Energy has requested to meet with you to provide an on-site tour of its facilities and provide you with a progress update on its waste minimisation and biofuels generation technology. Its four co-founders are also interested in discussing how Vertus Energy aligns with, and can contribute to, New Zealand's wider objectives around transport fuel efficiency and emissions reductions.

- Vertus Energy's developments in biofuels production technology and process signal its interests in domestic biofuels production. In 2021, Vertus Energy received $1.2 million in a pre-seed funding round[1] to expand its green fuel production technology, including funding for a biofuels demonstration plant field pilot in South Auckland.

- In addition to details of the wider transport decarbonisation pathway and supporting policies set out under the Emissions Reduction Plan (ERP), Vertus Energy will likely be most interested in the Government's progress on the Sustainable Biofuels Obligation.

- As you are aware, in November 2021, Cabinet agreed to the final policy design for the Sustainable Biofuels Obligation (the Obligation). The Obligation will come into effect from 1 April 2023. It will require importers and domestic producers of liquid transport fuels to reduce the greenhouse gas (GHG) emissions intensity of their fuel supply by a set percentage each year through the deployment of biofuels.

- Under the Obligation, fuel suppliers will have the flexibility to deploy any type of biofuel in any location in New Zealand, subject to their meeting set sustainability criteria. Presently, the Obligation will only apply to liquid transport fuels.

- We seek insight into the scope and future planning for Vertus Energy's biofuels-related endeavours. Its BRIO technology looks to be presently focused on waste-to-biogas; biogas is presently out of scope under the Obligation[2]. However, it is worth noting that the Obligation will be reviewed after two years of operation. This will include consideration of whether to expand the Obligation's scope to include other forms of low-emissions fuels, such as biogas or green hydrogen.

- The Obligation will create a stable platform for a domestic biofuels industry to develop. However, officials have advised that the obligation alone is unlikely to incentivise domestic production in the short term. Further incentives may be needed, such as credits

[1] This funding round was led by Icehouse Ventures, with support from Outset Ventures (whose building houses Vertus Energy's Parnell-based laboratory and facilities), Startmate, and NOAB ventures.
[2] Unlike liquid transport biofuels, biogas cannot be blended with liquid transport fossil fuels or "dropped-in" for use in most internal combustion engine (ICE) vehicles without modification.

or grants to biofuels producers, to help offset the high upfront capital expenditure and operating costs associated with large-scale biofuels production facilities.

- We seek to understand whether and, if so, how Vertus Energy is considering future scale-up of its current biofuels production technology.

Suggested talking points and questions

- As you will be aware, the Government is committed to exploring alternative fuels for transport sector decarbonisation. We are encouraged to know that Vertus Energy has made significant strides in innovation to support our shift to lower-emissions fuel and energy alternatives.

- The Government's recently released Emissions Reduction Plan sets out our wider transport decarbonisation pathways, as well as emissions reduction targets in four critical areas. Our fourth target, achieving a 10 percent reduction in transport fuel efficiency by 2035, is one where I see Vertus Energy playing a key enabling role.

- *Where/what do you see as the opportunities for Vertus Energy to contribute to New Zealand's wider transport decarbonisation objectives? In particular, where do you see biogas playing a role in our low-emissions economy?*

- You may also be aware that the Government has agreed to implement a Sustainable Biofuels Obligation (the Obligation), which will come into effect from 1 April 2023. The Obligation will require importers and domestic producers of liquid transport fuels to reduce the greenhouse gas (GHG) emissions intensity of their fuel supply by a set percentage each year through the deployment of biofuels.

- The Obligation will only apply to liquid transport fossil fuels and biofuels. However, there is opportunity for the Obligation's scope to be expanded to include other low-emissions transport fuels upon review after two years of operation. I am therefore interested in understanding the nature of Vertus Energy's present and future planning around domestic biofuels production. *Do you consider this will be expanded to include other forms of biofuels or low-emissions transport fuel options in future?*

- *Are there any key areas where you consider further Government support is needed to support your current (and future) biofuels research and production ambitions in New Zealand?*

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Document 12

25 May 2022 OC220281

Hon Minister Wood

Minister of Transport

THE MINISTRY OF TRANSPORT'S FUTURE MODELLING CAPABILITY- PROJECT MONTY

Purpose

To provide you with an overview of the Ministry's future modelling capability, project Monty. No action is required, officials will discuss project Monty with you at the meeting scheduled for 1600hrs 2nd June.

Key points

- The Ministry is developing a *Systems Shift* approach to help the transport system navigate through the complex and multiple challenges facing the sector. This approach will provide guidance on what we need to focus on, over the next decade, to ensure we are on track to deliver objectives like decarbonisation, are using transport levers together, and are connecting with other systems.

- Tools like Monty, and our work on the Generational Investment Approach are key foundations for taking this evidence based, long term perspective. Monty is a step-change in our analytical toolbox, the Agent Based approach to transport modelling is fast becoming best practice across the globe to understand how transport affects people, their behaviours and journeys.

- Monty is a simulation tool supported by elements of machine learning. It simulates the choices that people make in undertaking their daily transport activities, e.g. travel to work, school, shopping etc. These choices are largely economically driven in terms of the cost and time spent using a particular mode of transport.

- Monty compares a base case scenario to a counter factual scenario where a policy or infrastructure intervention has been made, e.g. road pricing or a light-rail system. Analysis of the differences in key metrics such as Vehicle Kilometres Travelled, emissions or mode-share can be made, alongside more societally related analysis using for example personas, can then highlight the impact on transport outcomes such as emissions.

- Monty provides the ability to also think about future scenarios encompassing the impact of changes in land-use, population, and infrastructure to test interventions and provide enhanced optionality in planning for the future of transport.

- Illustrative examples of analysis, drawn from our development work and a road pricing case study, along with a more fulsome explanation of the Monty methodology are provided in the attached presentation pack.

Dan Jenkins
Manager, Analytics and Modelling
25 / 05 / 2022

Hon Michael Wood
Minister for 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
Dan Jenkins, Manager, Analytics and Modelling	s 9(2)(a)	✓
Jade Mackay, Principal, Analytics and Modelling	s 9(2)(a)	