

Reference: 20200010 Tranche 2



20 March 2020

s9(2)(a)

Dear s9(2)(a)

Thank you for your Official Information Act request, received on 16 January 2020. You requested the following documents:

1	Joint Report by the Treasury and MBIE T2019/2324: Economic Strategy Update
2	Aide Memoire T2019/2259: Minister for Infrastructure Trip to Melbourne 1-2 August 2019
3	Inland Revenue Report IR2019/346: Transformation status update: July 2019
4	Cabinet Committee Briefing T2019/2345: Briefing for Social Wellbeing Committee Meeting Wednesday 7 August 2019
5	Aide Memoire T2019/2320: August 2019 Monetary Policy Statement
6	Treasury Report T2019/2271: Implementation of Productivity Commission Review
7	Treasury Report T2019/2078: Landcorp's 2019/20 Statement of Corporate Intent and Business Plan
8	Aide Memoire T2019/2448: Commercial Performance State of Play as at 15 August 2019
9	Treasury Report T2019/1912: SOE Portfolio (non-delegated): Director Fee Approvals 2019/20
10	Aide Memoire T2019/2341: SOE Portfolio: Board Appointments (at APH Committee 7 August 2019)
11	Aide Memoire T2019/2358: Air New Zealand Ltd: Board re-elections (at APH Committee 7 August 2019)
12	Treasury Report T2019/1960: Extension of the EQC Deficiency Funding Deed
13	Treasury Report T2019/2048: Earthquake Commission Quarterly Report - Q3 to March 2019
14	Reserve Bank of New Zealand Report 5306: Reserve Bank Financial Systems Roundup August 2019
15	Joint Report by the Treasury and MBIE T2019/2385: Meeting with Officials on Monday 12 August 2019 to Discuss the Economic Strategy
16	Aide Memoire T2019/2344: Opportunities for Infrastructure Investment - Transport: Next Steps
17	Treasury Report T2019/2410: The Treasury's 2018/19 Quarter Four Performance Update
18	Aide Memoire T2019/2518: ACC funding and investment
19	Joint Report by the Treasury and the Reserve Bank of New Zealand T2019/2498: Phase 2 of the Reserve Bank Act Review – preview of upcoming decisions
20	Treasury Report T2019/2212: SOE Portfolio (delegated): Director Fee Approvals 2019/20

1 The Terrace
PO Box 3724
Wellington 6140
New Zealand
tel. +64-4-472-2733

<https://treasury.govt.nz>

21	Aide Memoire T2019/2483: Preliminary assessment of Interim Cancer Action Plan
22	Joint Report by the Treasury and Inland Revenue IR2019/446: Digital economy – summary of public feedback on the discussion document
23	Joint Report by the Treasury and MBIE T2019/2480: Progressing Economic Strategy
24	Treasury Report T2019/2365: Briefing on ACC's fourth quarterly report 2018/19
25	Joint Report by the Treasury and Earthquake Commission T2019/2543: Meeting with Munich Re Executives on 22 August 2019
26	Joint Report by the Treasury and MBIE T2019/2552: Economic Strategy Meeting 26 August 2019
27	Treasury Report T2019/2234: Property insurance: market trends and objectives
28	Treasury Report T2019/2567: Advice on Crown Funding for Lincoln University's Campus Redevelopment
29	Reserve Bank of New Zealand Report 5320: Trip Report from Jackson Hole Economic Policy Symposium
30	Aide Memoire T2019/2654: Amendment to the Climate Change Response (Zero Carbon) Amendment Bill
31	Treasury Report T2019/2688: Briefing for Cabinet Business Committee, 2 September 2019
32	Joint Report by the Treasury and Inland Revenue T2019/2231: Tax and infrastructure investment
33	Treasury Report T2019/2622: Overseas Investment Act: Further advice on sensitive adjoining land
34	Treasury Report T2019/2515: Financing home ownership support
35	Treasury Report T2019/2618: KiwiRail - equity injection to fund multiple projects
36	Treasury Report T2019/2664: Fonterra Co-operative Group Limited
37	Treasury Report T2019/2597 Proposed Approach to Advice on Health System Performance Improvement and Funding
38	Aide Memoire T2019/2627: New Zealand Transport Agency - Expenditure for 2018/19
39	Treasury Report T2019/2652: Ōtākaro Ltd: Documentation to Confirm Appointments
40	Aide Memoire T2019/2698: Australian Parliamentary Budget Office - Comparison of institutional form
41	Treasury Report T2019/2405: Overseas Investment Act reform: risk mitigation and management: conditions of consent, judicial review, protection of national security information and enforcement: decisions
42	Aide Memoire T2019/2757: Gender Analysis: Background for Meeting with Professor Jennifer Curtin, 12 September 2019
43	Aide Memoire T2019/2668: Update on Defence Estate
44	Treasury Report T2019/2768: Tax measures to support the Government's economic strategy
45	Treasury Report T2019/2793: Cabinet paper: Tax Measures to support the Government's Economic Strategy
46	Aide Memoire T2019/2789: Revised Economic Plan
47	Joint Report by the Treasury and Inland Revenue IR2019/490; T2019/2768: Tax measures to support the Government's Economic Strategy

48	Joint Report by the Treasury and Inland Revenue IR2019/491; T2019/2793: Cabinet paper: Tax Measures to support the Government's Economic Strategy
49	Reserve Bank of New Zealand Report 5323: FMA RBNZ Life Insurance Conduct and Culture Briefing
50	Treasury Report T2019/2506: Television New Zealand: Outcome of Due Diligence and 51 Approach to Appointments
51	Aide Memoire T2019/2760: New Zealand Transport Agency - further advice on tagged contingency for rectification costs
52	Treasury Report T2019/3044: Weekly Status Report - 26 September 2019
53	Treasury Report T2019/2635: Coalition of Finance Ministers for Action on Climate Change
54	Inland Revenue Report IR2019/487: Calculating the employer superannuation contribution tax
55	Treasury Report T2019/3037: Review of Pay Equity Cost Estimates for the 2019 Half Year Economic and Fiscal Update
56	Treasury Report T2019/2912: Treaty Settlement Funding
57	Treasury Report T2019/2809: Indemnification of Exhibition of Artworks (Tū te Whaihangā) at Tairāwhiti Museum
58	Treasury Report T2019/1596: Wellington Accommodation Project (WAP2) Reconfiguration Programme - Capital and Operating Contingency Drawdown: 1-3 The Terrace
59	Treasury Report T2019/2863: Infrastructure Levy Model: Financial Support for Projects
60	Treasury Report T2019/2874: Options for Fiscal Treatment of a Large Screen Grant Entitlement
61	Treasury Report T2019/2885: Overseas Investment Act - Phase Two Reform: further advice on special land
62	Aide Memoire T2019/2957: Briefing for meeting with Australian Parliamentary Budget Officer
63	Aide Memoire T2019/2881: Briefing to Support a Meeting with the Minister of Education on 25 September 2019
64	Joint Report by the Treasury and MBIE T2019/2911: Launch of the Economic Plan
65	Aide Memoire T2019/2987: Associate Finance Work Programme on Tax Policy
66	Treasury Report T2019/2434: Principles for local government taxation
67	Inland Revenue Report IR2019/529: Tax monitoring report: August 2019
68	Aide Memoire T2019/2986: State of Play as at 26 September 2019
69	Aide Memoire T2019/3047: Workshop on Macro-prudential Policy and Housing (30 September)
70	Aide Memoire T2019/3016: Gender Budgeting - Follow Up from Joint Ministers Meeting on 12 September 2019
71	Inland Revenue Report IR2019/519: Review of the taxation of land - holding costs
72	Treasury Report T2019/2896: Earthquake Insurance Update: September 2019
73	Treasury Report T2019/2837: Crown Infrastructure Partners Ltd: Commencement of 2020 Appointment Process

On 30 January 2020 I notified you that I had decided to transfer seven documents to their respective organisations. On 13 February, we extended the timeframe for responding and provided you with links to nine documents that are publicly available. We also withheld three requested documents in full. On 28 February we provided you the first tranche of documents.

I have made a decision on 19 of the remaining 44 documents and am now providing this to you as Tranche 2.

Information being released

Please find enclosed the following documents:

Item	Date	Document Description
1.	2 August 2019	Aide Memoire T2019/2320: August 2019 Monetary Policy Statement
2.	5 August 2019	Aide Memoire T2019/2341: SOE Portfolio: Board Appointments (at APH Committee 7 August 2019)
3.	5 August 2019	Aide Memoire T2019/2358: Air New Zealand Ltd: Board re-elections (at APH Committee 7 August 2019)
4.	5 August 2019	Treasury Report T2019/2212: SOE Portfolio (delegated): Director Fee Approvals 2019/20
5.	14 August 2019	Treasury Report T2019/2078: Landcorp's 2019/20 Statement of Corporate Intent and Business Plan
6.	14 August 2019	Aide Memoire T2019/2483 Preliminary Assessment of Interim Cancer
7.	15 August 2019	Treasury Report T2019/1912: SOE Portfolio (non-delegated): Director Fee Approvals 2019/20
8.	23 August 2019	Joint Report T2019/2552 Economic Strategy Meeting
9.	27 August 2019	Treasury Report T2019/2567: Advice on Crown Funding for Lincoln University's Campus Redevelopment
10.	29 August 2019	Treasury Report T2019/2365 Briefing on ACC's fourth quarterly report 2018/19
11.	4 September 2019	Treasury Report T2019/2652: Ōtākaro Ltd: Documentation to Confirm Appointments
12.	5 September 2019	Aide Memoire T2019/2757: Gender Analysis: Background for Meeting with Professor Jennifer Curtin, 12 September 2019
13.	7 September 2019	Treasury Report T2019/2837: Crown Infrastructure Partners Ltd: Commencement of 2020 Appointment Process
14.	9 September 2019	Treasury Report T2019/2506: Television New Zealand: Outcome of Due Diligence and Approach to Appointments

Item	Date	Document Description
15.	19 September 2019	Aide Memoire T2019/2881 Briefing to Support a Meeting with the Minister of Education on 25 September 2019
16.	26 September 2019	Aide Memoire T2019/3016: Gender Budgeting - Follow Up from Joint Ministers Meeting on 12 September 2019
17.	27 September 2019	Treasury Report T2019/3037: Review of Pay Equity Cost Estimates for the 2019 Half Year Economic and Fiscal Update

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- section 9(2)(a) – to protect the privacy of natural persons, including that of deceased natural persons,
- section 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment,
- section 9(2)(i) – to enable the Crown to carry out commercial activities without prejudice or disadvantage
- section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including the Treasury's website.

Please note that Item 10 – *Treasury Report T2019/2365: Briefing on ACC's fourth quarterly report 2018/19* contains ACC's provisional year-end position. The numbers in this document are provisional, subject to finalisation of claims valuation, investment return and audit clearance.

Information publicly available

The following information is also covered by your request and is or will soon be publicly available on the Treasury website.

Item	Date	Document Description	Website Address
18.	2 September 2019	Treasury Report T2019/2618: KiwiRail - equity injection to fund multiple projects	Will be available at: //treasury.govt.nz/publications/other-official-information/responses-official-information-act-requests Ref: 20200015 Binder
19.	11 September 2019	Treasury Report T2019/2635: Coalition of Finance Ministers for Action on Climate Change	Will be available at: //treasury.govt.nz/publications/other-official-information/responses-official-information-act-requests Ref: 20200015 Binder

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act:

- the information requested is or will soon be publicly available.

Some relevant information has been removed from documents listed in the above table and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

David Hammond
Team Leader, Ministerial Advisory

20200010 TOIA Information for Release Tranche 2

1	Aide Memoire T2019/2320: August 2019 Monetary Policy Statement	1
2	Aide Memoire T2019/2341: SOE Portfolio: Board Appointments (at APH Committee 7 August 2019)	5
3	Aide Memoire T2019/2358: Air New Zealand Ltd: Board re-elections (at APH Committee 7 August 2019)	8
4	Treasury Report T2019/2212: SOE Portfolio (delegated): Director Fee Approvals 2019/20	9
5	Treasury Report T2019/2078: Landcorp's 2019/20 Statement of Corporate Intent and Business Plan	28
6	Aide Memoire T2019/2483 Preliminary Assessment of Interim Cancer	38
7	Treasury Report T2019/1912: SOE Portfolio (non-delegated): Director Fee Approvals 2019/20	54
8	Joint Report T2019/2552 Economic Strategy Meeting	64
9	Treasury Report T2019/2567: Advice on Crown Funding for Lincoln University's Campus Redevelopment	96
10	Treasury Report T2019/2365 Briefing on ACC's fourth quarterly report 2018/19	101
11	Treasury Report T2019/2652: Ōtākaro Ltd: Documentation to Confirm Appointments	110
12	Aide Memoire T2019/2757: Gender Analysis: Background for Meeting with Professor Jennifer Curtin, 12 September 2019	115
13	Treasury Report T2019/2837: Crown Infrastructure Partners Ltd: Commencement of 2020 Appointment Process	119
14	Treasury Report T2019/2506: Television New Zealand: Outcome of Due Diligence and Approach to Appointments	132
15	Aide Memoire T2019/2881 Briefing to Support a Meeting with the Minister of Education on 25 September 2019	137
16	Aide Memoire T2019/3016: Gender Budgeting - Follow Up from Joint Ministers Meeting on 12 September 2019	142
17	Treasury Report T2019/3037: Review of Pay Equity Cost Estimates for the 2019 Half Year Economic and Fiscal Update	144

SENSITIVE

TE TAI ŌHANGA
THE TREASURY

Reference: T2019/2320 MC-1-1-1 (Monetary)

Date: 2 August 2019

To: Prime Minister (Rt Hon Jacinda Ardern)
Minister of Finance (Hon Grant Robertson)

Deadline: Prior to meeting at 10:30am, Monday 5 August

Aide Memoire: August 2019 Monetary Policy Statement

1. Background

You are meeting with the Reserve Bank Governor and the Treasury observer to the Monetary Policy Committee (MPC) on Monday 5 August at 10:30am ahead of the August Monetary Policy Statement (MPS). The decision on the Official Cash Rate (OCR) will be announced at 2:00pm on Wednesday 7 August 2019. This meeting provides an opportunity to keep you informed about the Bank's views on the economic outlook and risks.

This note provides a summary of key aspects of the Bank's initial August MPS forecasts and market views on the likely OCR decision. The Bank's forecasts were not finalised at the time of writing, and are therefore subject to change.

2. Summary

- The Bank kept the OCR at 1.5% at the June OCR decision, following a cut at the May MPS announcement. The Bank signalled in June that a lower OCR may be needed, citing weaker global economic growth which in turn posed downside risks to achieving its inflation and employment objectives.
- The market has priced in a 90% chance of an OCR cut on 7 August, with most commentators expecting a second cut later in 2019.
- Growth is expected to remain subdued throughout 2019, reflecting slowing international and domestic demand growth. Growth is expected to pick up gradually from the third quarter of 2019, largely due to increased Government spending.
- CPI inflation is expected to slow further over 2019 and remain below 2% for longer than predicted in the May MPS, only rising to 2% later in 2021.

3. Talking points

You may wish to ask the Governor:

- How does the Bank expect the declining global economic outlook and low interest rate environment to affect the domestic economy?
- What are the key international and domestic risks to the economy?
- What is the Bank's view on unconventional monetary policy?
- What is the Bank's view on the impact of the announced increase in Government spending?
- What are the Bank's views on business confidence and its implications for business investment and growth more generally?
- What are the Bank's views on the labour market and wage growth?
- What are the Bank's views on the housing market, construction and the trajectory of house prices?

4. Domestic activity and employment

Growth outlook

The Bank has revised down its growth forecasts for the second and third quarters of 2019. Growth in household spending is expected to slow as weaker house price inflation reduces growth in household wealth and net migration weakens. Residential investment is expected to remain higher in the near term but may be tempered by low house price inflation. Business investment rebounded in the first quarter of 2019 but the Bank expects it to remain muted due to declining business confidence.

GDP growth is expected to pick up gradually from the third quarter of 2019, supported by increased Government spending and stimulus from monetary policy. Compared to the May MPS forecasts, which were based on pre-Budget 2019 spending plans, Government spending drives a significantly larger proportion of near-term growth, offsetting weaker contributions from consumption, business investment, and net exports.

Capacity and employment

The Bank estimates that positive capacity pressures have eased since the first half of 2018. The output gap, an indicator of inflationary pressure in the economy, is expected to fall to negative over 2019, as the growth rate slows below potential. From 2020, capacity pressures are expected to slowly rebuild as the rate of growth starts to exceed potential again.

The level of employment is expected to fall slightly over the next year, but remain close to its maximum sustainable level.

5. Prices and costs

Headline inflation in the June quarter was 1.7%, below the 2% midpoint of the Bank's target range, but up from 1.5% in the March quarter.

The Bank expects inflation to dip further over 2019 and remain below 2% for longer than predicted in the May MPS, only rising to 2% later in 2021.

Whilst most inflation measures had been trending upwards, increases in inflationary pressure seem to be ebbing, with recent data from the Bank's preferred measure showing no growth in the core rate of inflation.

Domestic (non-tradeable) inflation will fall over the remainder of 2019 on the back of slowing demand growth. It is expected to continue its upward trend from 2020 as the dampening effect of past low inflation on price setting behaviour fades and higher minimum wages provide a slight boost.

Imported (tradeable) inflation in the near-term is expected to be lower than forecast in the May MPS due to lower oil and other import prices. This is expected to pick up from early 2020 as fuel prices pick up, New Zealand Dollar import costs rise, and domestic retailers pass on higher minimum wage costs to consumers.

6. International outlook

The global outlook looks slightly worse since the May MPS forecasts, with the Bank revising trading partner growth down. Central banks abroad have responded by either lowering interest rates or signalling that lower rates are likely. Global inflation, weighed down by lower oil prices, is currently subdued but is expected to rise gradually over the projection period.

The Bank has captured deteriorating global conditions in its domestic projections through several channels:

- **Export volume growth, particular in services, is expected to drop** due to lower foreign demand, and is in line with slower growth in overseas visitors.
- **Export prices in the first quarter of 2019 were weaker than expected.** This weakness is expected to continue throughout the projection period, weighing on export income.
- **Import prices are expected to remain subdued** as a result of lower oil prices and lower world inflation.
- **The terms of trade is slightly higher** as lower import prices more than offset lower export prices.

SENSITIVE

- **The exchange rate is expected to remain stable.** Upward pressure from declining world interest rates is expected to be offset by other factors such as market expectations of lower interest rates in New Zealand and lower export prices.
- **Falls in surveyed domestic activity and investment intentions** may be capturing the effect of weaker global growth on confidence, impacting near-term domestic GDP growth.

7. Risks and uncertainties

The Bank has highlighted the following risks to the economy and its projections:

- Global growth and demand could deteriorate further, potentially exaggerated by uncertainty. This could transmit to New Zealand through channels that are difficult for the Bank to observe or anticipate, such as consumer and business confidence.
- Domestic growth could be weaker for longer, leading to a further and extended period of softening labour market and domestic inflation.
- Persistently weaker house price inflation could further weigh on household spending growth. However, some external analysts predict a significant rebound in the housing market over the next year.
- The positive impact of increased Government spending could be higher than assumed, but the Bank sees a risk that spending may not increase as fast as predicted at Budget 2019.
- Tradeable inflation has been low since 2012 but is expected to rise gradually towards its long-term average. If this does not materialise, headline inflation will be lower than expected.

8. Market expectations

Markets have priced in a 90% chance of an OCR cut on 7 August. Most commentators expect a follow-up cut later in 2019, bringing the OCR down to 1% by the end of 2019. Markets have priced in a 30% chance of the OCR falling to 0.75% by 2020. Weaker than expected business confidence and recent rate cuts by other central banks have strengthened the markets' expectation of cuts.

Ken Tsang, Analyst, Macroeconomic and Fiscal Policy, s9(2)(k)

Renee Philip, Manager, Macroeconomic and Fiscal Policy, s9(2)(k)

APPOINTMENT-IN-CONFIDENCE



Reference: T2019/2341

Date: 5 August 2019

To: Minister of Finance (Hon Grant Robertson)
Associate Minister for State Owned Enterprises (Hon Shane Jones)

cc: Minister for State Owned Enterprises (Rt Hon Winston Peters)

Deadline: None

Aide Memoire: SOE Portfolio (delegated): Board Appointments (at APH Committee 7 August 2019)

We understand Minister Jones is taking the paper *SOE Portfolio: Board Appointments* on behalf of shareholding Ministers to APH Committee on Wednesday 7 August 2019. This paper notes shareholding Ministers' intention to make 11 appointments across the SOE Portfolio as identified in the table below.

Company	Person	Designation	Appointment/ Reappointment	Term	Replacing
Airways Corporation of New Zealand Ltd	Mark <u>Pitt</u>	Deputy Chair	Appointment (elevation)	From 1 November 2019 up to 31 October 2021	MJ Daly (as Deputy Chair)
	Mark Alan <u>Hutchinson</u>	Director	Appointment	From 1 November 2019 up to 31 October 2022	Bennett Medary
AsureQuality Ltd	Dr Alison Jane <u>Watters</u>	Chair	Appointment (elevation)	From 1 November 2019 up to 30 April 2022	Janine Smith (as Chair)
	Janet Mary (Jan) <u>Hilder</u>	Director	Appointment	From 1 November 2019 up to 31 October 2022	Janine Smith (as director)
Kordia Group Ltd	Anthony (Tony) St John <u>O'Brien</u>	Director	Appointment	From 1 November 2019 up to 31 October 2022	Sir Paul Adams
Landcorp Farming Ltd	Nigel William <u>Atherfold</u>	Deputy Chair	Appointment (elevation)	From 1 September 2019 up to 30 April 2021	Vacancy
	Joanna Mary (Jo) <u>Montgomerie-Davidson</u>	Director	Appointment	From 1 September 2019 up to 31 October 2021	John Brakenridge
New Zealand Post Ltd	Rodger John <u>Finlay</u>	Chair	Appointment	From 21 August 2019 up to 30 April 2022	Vacancy
Quotable Value Ltd	Gregory Benjamin <u>Fortuin</u>	Chair	Appointment	From 21 August 2019 up to 30 April 2022	Vacancy
	Hon Richard Mark (Mark) <u>Burton</u>	Director	Appointment	From 21 August 2019 up to 30 April 2022	Vacancy
Transpower New Zealand Ltd	Richard Hammond <u>Aitken</u>	Director	Appointment	From 1 November 2019 up to 30 April 2022	Jan Evans-Freeman

APPOINTMENT-IN-CONFIDENCE

Airways: Appointment (elevation) – Deputy Chair

Mark Pitt was previously a Director and CEO of Virgin Australia New Zealand Ltd and he was also Chair and CEO of Virgin Samoa. He is currently a director on the board of Airwork Holdings Ltd and is owner of distribution company Quinn International Ltd and G&M Pty Ltd in Australia. Mr Pitt is in his second term as a director on the Airways Board and is Chair of the Health and Safety Committee. s9(2)(g)(i)

s9(2)(g)(i)

s9(2)(g)(i)

Airways: Appointment – director

Mark Hutchinson, is a Managing Partner of Divergent & Co, a small consultancy providing advice on leadership and organisational change and performance. He commenced his career in the public service as a clinical psychologist, operating in New Zealand and abroad. s9(2)(g)(i)

s9(2)(g)(i)

s9(2)(g)(i)

AsureQuality: Appointment (elevation) – Chair

Dr Alison Watters has a background in primary industries and laboratory management. She is a director of Livestock Improvement Corporation and has held not-for-profit board roles with school boards and equestrian sports organisations. She was previously the Principal Research Scientist for Fonterra Co-operative Group Ltd, where she had responsibility for laboratory management.

AsureQuality: Appointment – director

Jan Hilder commenced her career as a programmer with IBM in the UK, later moving to New Zealand for a role as Systems Engineering Manager for IBM New Zealand. She is currently working as an independent adviser to companies developing technology strategy and as a mentor to technology start-ups. She has been a Chief Executive of two companies, Panacea Healthcare Ltd and Tacit Group. s9(2)(g)(i)

s9(2)(g)(i)

Kordia: Appointment – director

Tony O'Brien retired in 2013 from Sky Network Television Ltd, where he had worked since 1991. His executive career has been in sales, communications and government relations within the television industry. He is currently a Trustee of New Zealand Antarctic Research Institute and Antarctica New Zealand. He has previously served on the boards of the Health Promotion Agency, Pacific Cooperation Broadcasting Ltd and Pacific Cooperation Foundation.

Landcorp: Appointment (elevation) – Deputy Chair

Nigel Atherfold has experience in banking and corporate finance, with a particular focus on primary industries and 'value-add'. He was ANZ Bank NZ's Regional Executive in the South Island and Corporate Finance and Treasury Manager for New Zealand Milk at the New Zealand Dairy Board. His sector experience covers agribusiness, government, infrastructure and Māori enterprises. Mr Atherfold has held board roles with Rural Equities Ltd, The Grate Kiwi Cheese Company and Cheese Logistics Ltd.

APPOINTMENT-IN-CONFIDENCE

Landcorp: Appointment – director

Jo Davidson has worked for well-known companies such as HJ Heinz, DB Breweries, Tegel Foods and Villa Maria Wines. She is a director of AUT Ventures, the entity responsible for commercialising the applied health and technology IP developed through Auckland University of Technology. She is also an Advisory Board member for liquid waste management start-up LiquidStrip Ltd. s9(2)(g)(i)

s9(2)(g)(i)

s9(2)(g)(i)

NZ Post: Appointment – Chair

Rodger Finlay s9(2)(g)(i)
s9(2)(g)(i)

Mr Finlay was recently appointed Chair of PGG Wrightson and is a director of Ngāi Tahu Holdings. He has Crown sector experience through being Chair of the Provincial Growth Fund Independent Advisory Panel, Director of Radio NZ Ltd, and he is a former board member of Public Trust. If appointed as NZ Post Chair, he would resign his director role at Radio NZ to allow him to devote the necessary time.

Quotable Value: Appointment – Chair

Gregory Fortuin was a Director of NZ Post and Kiwibank, Crown Forestry Rental Trust, and Transpower Ltd. He has had other governance roles including Whitireia Polytechnic, Amanah NZ Ethical Kiwisaver Fund, and at Shamrock Superannuation. Mr Fortuin's executive career includes senior roles with National Mutual Insurance in South Africa, Australia, and New Zealand, the NZ Families Commission, and most recently five years as the National Director for Education and Employment at the NZ Salvation Army. He is about to retire from that role on 30 August 2019.

Quotable Value: Appointment – Director

Hon Mark Burton was the MP for Taupō from 1993 to 2008, and served as a Government Minister between 1999 and 2007, holding various portfolios including Local Government and State-Owned Enterprises. He has worked as a consultant since 2009 in organisational and professional development, governance, restorative justice, and project management. This has included work for the United Nations Development Programme in the Pacific.

Transpower: Appointment – director

Richard Aitken has an engineering consultancy career of 40 years with Beca, culminating as Group Chief Executive then Executive Chair of the Beca Group. He has been a Director since 2010. Mr Aitken is retiring from the board of Trustpower, and is currently Chair of Panuku Development Auckland Ltd, Chair of Te Pūnaha Matatini Advisory Board, and was previously Chair of Manukau Wastewater Services Ltd, and a director of Auckland Council Property Ltd. s9(2)(g)(i)

s9(2)(g)(i)

s9(2)(g)(i)

Officials will be in the Committee room lobby for the duration of the meeting.

Gael Webster, Manager, Governance and Appointments, s9(2)(k)

APPOINTMENT-IN-CONFIDENCE



Reference: T2019/2358

Date: 5 August 2019

To: Minister of Finance (Hon Grant Robertson)

Deadline: None
(if any)**Aide Memoire: Air New Zealand Ltd: Board re-elections (at APH Committee 7 August 2019)**

You are taking the paper *Air New Zealand Ltd: Board re-elections* to APH Committee on 7 August 2019, outlining your intention to vote in favour of the following elections:

Company	Person	Designation	Re-election / appointment
Air New Zealand Ltd	Therese Maria Walsh	Chair	Re-election
	Janice Amelia (Jan) Dawson	Deputy Chair	Re-election
	Jonathan Parker Mason	Director	Re-election

Air New Zealand is a publicly-listed company in which the Crown holds a majority stake. Directors are appointed to the Board through election at the ASM.

The constitution of Air New Zealand provides that director terms must be consistent with NZX rules, which state that a director must not hold office (without re-election) past the third annual meeting following the director's appointment or 3 years, whichever is longer.

The process for director renewal and Chair succession is managed by the Chair in consultation with the Board, which makes recommendations to shareholders for appointment.

The Cabinet Appointments and Honours Committee previously noted the intention of the Minister of Finance to agree to the elevation of Dame Therese Walsh to the Chair position of the Air New Zealand board. The elevation takes effect from the date of Air New Zealand's Annual Shareholders' Meeting (ASM) on 25 September 2019.

Treasury officials will be in attendance in the Committee room lobby during the meeting.

Gael Webster, Manager Governance and Appointments, s9(2)(k)



TE TAI ŌHANGA
THE TREASURY

Treasury Report: SOE Portfolio (delegated): Director Fee Approvals
2019/20

Date:	15 August 2019	Report No:	T2019/2212
		File Number:	CM-0-3-22

Action sought

	Action sought	Deadline
Rt Hon Winston Peters Minister for State Owned Enterprises	For your information	None
Hon Grant Robertson Minister of Finance	Note and agree recommendations	As soon as practicable
Hon David Parker Associate Minister of Finance	For your information	None
Hon Shane Jones Associate Minister for State Owned Enterprises	Note and agree recommendations, agree to sign the letters approving board fee levels for 2019/20	As soon as practicable

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Gael Webster	Manager, Governance and Appointments	s9(2)(k)	s9(2)(g)(ii) ✓

Ministers' Office actions (if required)

Return the signed report to Treasury.

Sign and post the attached letters to the Chairs with copies to the companies and Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)


Treasury Report: SOE Portfolio (delegated): Director Fee Approvals
2019/20

Executive Summary

This report addresses the requirement for the companies within your SOE Portfolio to receive formal approval of their director fee levels for 2019/20, together with any special fees and professional development budget to which you agree. By convention, the responsible Minister signs the fee approval letters on behalf of both shareholding Ministers. The current approvals expired on 30 June 2019.

Recommended Action

We recommend that you:

- a. **note** that the Companies Act 1993 and the constitutions of Crown companies require board fees to be approved by shareholding Ministers and that, by convention, the responsible Minister signs the approval on behalf of both shareholding Ministers
- b. **note** that, as the fees have been determined on the basis of a methodology previously approved by Cabinet, it is not necessary for you to consult with SSC
- c. **note** that the fees were reviewed in late 2016 and increased where applicable with effect from 1 January 2017
- d. s9(2)(f)(iv)

- e. **note** that the payment of 'special fees' has been recommended for the boards of Airways, Landcorp and Transpower (in part)
- f. **note** that your approval is also required for the professional development budgets requested by the boards

APPOINTMENT-IN-CONFIDENCE

- g. **agree** to the Associate Minister for State Owned Enterprises signing the attached letters on behalf of both shareholding Ministers to the Chairs of the companies, approving their board fees for 2019/20.

Agree/disagree.

Agree/disagree.

Minister of Finance

Associate Minister for State Owned Enterprises

Gael Webster

Manager, Governance and Appointments

Hon Grant Robertson

Minister of Finance

Hon Shane Jones

Associate Minister for State Owned Enterprises

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Treasury Report: SOE Portfolio (delegated): Director Fee Approvals 2019/20

Purpose of Report

1. The Companies Act 1993 and the constitutions of Crown companies require board fees to be approved by shareholding Ministers. This report addresses the formal approvals required for SOEs (including 'special fees' and professional development budgets where appropriate) for the payment of 2019/20 board fees. The current fee approvals expired on 30 June 2019.

Background

2. Please note that we have split the SOE Portfolio into two reports to reflect the Ministerial delegations. For the purpose of this report, the term 'SOE Portfolio', refers to the following SOE boards:
 - Airways Corporation of New Zealand Ltd (Airways)
 - AsureQuality Ltd (AsureQuality)
 - Crown Asset Management Ltd (CAML)
 - Electricity Corporation of New Zealand Ltd (ECNZ)
 - Kordia Group Ltd (Kordia)
 - Landcorp Farming Ltd (trading as Pamu) (Landcorp)
 - Meteorological Service of New Zealand Ltd (MetService)
 - New Zealand Post Ltd (NZ Post)
 - Quotable Value Ltd (QV)
 - Transpower New Zealand Ltd (Transpower)
3. The fees for the boards of the SOEs have been determined on the basis of a methodology initially approved by Cabinet in December 2003. The methodology was updated in 2013. In December 2016, the then Minister of Finance agreed a 5% increase across the Crown company portfolio to be distributed across the companies with a greater variance to the fee level¹ under the methodology in an effort to reduce that variance.
4. The base directors' fees for the SOEs were increased where applicable from 1 January 2017.
5. s9(2)(f)(iv)
6. This approval is essentially a mechanical issue, as the amounts are derived from the fee-setting methodology, and are a function of the number of directors on a board. The Chair allowance is two times the unit rate, and the Deputy Chair allowance is 1.25

¹ The fee level for Crown companies under the methodology is set at 90% of comparable private sector fees, reflecting a 10% public sector discount.

APPOINTMENT-IN-CONFIDENCE

times the unit rate. As these fee levels have been previously approved, it is not necessary for you to consult SSC.

7. Once the total pool of fees is approved, it is the board's prerogative to determine the allocation of 'ordinary fees' to individual directors.
8. Approval is also required for the professional development budget requested by each board. Although professional development is carried out in the context of a specific board role it also carries an element of personal benefit, hence the need for ministerial approval.

Special fees requests

9. The boards may seek approval to pay directors 'special fees'. There are no set criteria for what constitutes a 'special fee', but they are considered only where directors are required to contribute time over and above what would be considered an ordinary commitment, and where the company has provided appropriate justification.

Airways

10. Airways has sought special fees of \$25,000 to enable directors to attend global aviation/navigation conferences, symposia on technology development and safety, visits to see new technology in operation, and oversight of and contribution to an external review of the Safety Culture project.
11. This is clearly an additional time commitment for the Board, and we think it is reasonable to expect that the Board spends time to keep itself abreast of industry issues and safety as part of its function. On this basis we support your continued approval.

Landcorp Farming

12. Landcorp has requested special fees of \$64,000 to cover membership of four directors (\$16,000 per director per annum) on the boards of joint ventures of trading subsidiaries (Focus Genetics Management Ltd, Melody Dairies GP Ltd, Pāmu Academy and Spring Sheep Dairy NZ Management Ltd).
13. The membership on each of those boards is essentially an additional board role for the directors concerned and requires time over and above what is considered an ordinary time commitment of board members. We recommend your approval.

Transpower

14. Transpower sought special fees of \$75,000 for additional work of directors in respect to work on the new Regulatory Control Period (RCP3), government policy initiatives, enforcement action, ongoing litigation board subcommittees' workloads, and health and safety commitments.

15. Treasury has reviewed Transpower's special fee request and the requests the company has made over the last decade. s9(2)(g)(i)

s9(2)(g)(i)

s9(2)(g)(i)

. Treasury raised these concerns with Transpower who subsequently revised its request to

\$60,000 s9(2)(ba)(i)

s9(2)(ba)(i)

16. s9(2)(g)(i)

17. s9(2)(f)(iv)

18. We recommend approval of the continuation of the special fees at a lower level of \$30,000. s9(2)(f)(iv)

Overview of 2019/20 fee approvals including professional development budgets

19. The current director fee rates, special fees and professional development budgets for which approvals are sought in this report are summarised below.

Table 1. 2019/20 fees and professional development requests for SOE boards

Company	Director fee unit rate (\$)	Special fees (\$)	Professional development budget (\$)
Airways	32,461	25,000	26,500
AsureQuality	36,000	-	17,500
CAML	36,000	-	-
ECNZ	18,000	-	-
Kordia	36,000	-	18,000
Landcorp	37,612	64,000	24,000
MetService	23,448	-	20,000
NZ Post	52,865	-	28,000
Quotable Value	23,448	-	20,000
Transpower	54,567	75,000*	25,000

*Special fees for Transpower supported at the lower amount of \$30,000.

Financial Implications

20. There are no direct financial implications for the Crown, as all Crown company directors' fees are paid directly from company revenues.

Next Steps

21. If you agree, you are asked to sign and send the attached letters approving the directors' fees for the SOE boards for 2019/20 as soon as possible.

Attached Documents

22. Attached to this report are:

- Annex I: Approval letters to SOE Chairs.

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Ms Denise Church
Chair
Airways Corporation of New Zealand Ltd
PO Box 294
WELLINGTON 6140

Dear Ms Church

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for Airways Corporation of New Zealand Ltd (Airways) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$325,300, based on there being eight directors on the Board, and includes \$25,000 special fees as detailed below. The fees are based on a unit rate of \$32,461 per annum.

Airways Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$64,922
Deputy Chair	\$40,577
Directors (x6)	\$194,766
Special fees	
For directors to attend conferences and symposia, site visits to see new technology in operation, and for additional work in relation to the Safety Culture project	\$25,000
Total fees	\$325,300 (rounded)

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

Special Fees

You have requested special fees of up to \$25,000 to enable directors to attend global aviation/navigation conferences, symposia on technology development and safety, visits to see new technology in operation, and oversight of and contribution to an external review of the Safety Culture project.

I am approving the amount sought for the current financial year, but I want to be assured that the special fees will be used solely for the purpose you have identified. I expect that you will

have a system in place to record the additional duties performed, and that an appropriate record will be kept at Board level of the allocation of the special fees.

Approval is also given to a budget of \$26,500 for Board professional development which includes \$3,000 per director (x7) and \$5,500 for new director Mark Hutchinson to attend the Institute of Directors course.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a) [REDACTED], Airways, PO Box 294, Wellington 6140

Hon Shane Jones

Minister of Forestry

Associate Minister of Finance

Minister for Infrastructure

Associate Minister for State Owned Enterprises

Minister for Regional Economic Development

Associate Minister of Transport



Ms Janine Smith
Chair
AsureQuality Ltd
Private Bag 14946
Panmure
AUCKLAND 1741

Dear Ms Smith

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for AsureQuality Ltd for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$297,000, based on there being seven directors on the Board for a full year. The fees are based on a unit rate of \$36,000 per annum.

AsureQuality Ltd Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$72,000
Deputy Chair	\$45,000
Directors (x5)	\$180,000
Total fees	\$297,000

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

Approval is also given to a budget of up to \$17,500 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a) AsureQuality, Private Bag 14946, Auckland 1741

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Gary Traveller
Chair
Crown Asset Management Ltd
PO Box 778
WELLINGTON 6140

Dear Mr Traveller

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the director fees for Crown Asset Management Ltd (CAML) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$117,000, based on there being two directors on the Board for a full year. The fees are based on a unit rate of \$36,000 per annum.

CAML Board Fees Approval – 2019/20

Ordinary fees	Amount approved
Chair	\$72,000
Deputy Chair	\$45,000
Total fees	\$117,000

Notwithstanding the method of calculation of these fees, it is the Board's prerogative to determine the allocation to individual directors.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Mr Victor Wu
Chair
Electricity Corporation of New Zealand (Residual) Ltd
PO Box 930
WELLINGTON 6140

Dear Mr Wu

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for Electricity Corporation of New Zealand (Residual) Ltd (ECNZ) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$54,000, based on there being two directors on the Board for a full year. The fees are based on a unit rate of \$18,000 per annum.

ECNZ Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$36,000
Director	\$18,000
Total fees	\$54,000

Notwithstanding the method of calculation of these fees, it is the Board's prerogative to determine the allocation to individual directors. If the company finalises its activities before the end of the financial year, I expect the fees will be paid pro rata accordingly.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Mr John Quirk
Chair
Kordia Group Ltd
PO Box 2495
AUCKLAND 1140

Dear Mr Quirk

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for Kordia Group Ltd (Kordia) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$297,000, based on there being seven directors on the Board for the full year. The fees are based on a unit rate of \$36,000 per annum.

Kordia Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$72,000
Deputy Chair	\$45,000
Directors (x5)	\$180,000
Total fees	\$297,000

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

Approval is also given to a budget of \$18,000 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a) Kordia, PO Box 2495, Auckland 1140

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Mr Warren Parker
Chair
Landcorp Farming Ltd
PO Box 5349
WELLINGTON 6145

Dear Mr Parker

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for Landcorp Farming Ltd (Landcorp) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$412,000, based on there being eight directors on the Board, and includes \$64,000 in special fees. The fees are based on a unit rate of \$37,612 per annum.

It is noted that a process to appoint an eighth director and to elevate a current board member to Deputy Chair is currently underway. It is anticipated that these positions will be filled shortly and that the fees for these positions will be paid pro rata.

Landcorp Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$75,224
Deputy Chair	\$47,015
Directors (x6)	\$225,672
Special fees	
For directors to serve on the boards of joint ventures of trading subsidiaries	\$64,000
Total fees	\$412,000 (rounded)

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

Special Fees

An additional sum of \$64,000 is approved as an allowance to cover membership of four directors (\$16,000 per director) on the boards of joint ventures of trading subsidiaries (Focus Genetics Management Ltd, Melody Dairies GP Ltd, Pāmu Academy and Spring Sheep Dairy NZ Management Ltd).

This approval is given on the basis that the special fees will be used only for the purpose specified. I expect that you will have a system in place to record the additional duties performed, and that an appropriate record will be kept at Board level of the allocation of the special fees.

Approval is also given to a budget of \$24,000 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc

s9(2)(a)

Landcorp, PO Box 5349, Wellington 6145

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Mr Ant Howard
Chair
Meteorological Service of New Zealand Ltd
PO Box 722
WELLINGTON 6140

Dear Mr Howard

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for Meteorological Service of New Zealand Ltd (MetService) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$216,900, based on there being eight directors on the Board for a full year. The fees are based on a unit rate of \$23,448 per annum.

MetService Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$46,896
Deputy Chair	\$29,310
Directors (x6)	\$140,688
Total fees	\$216,900 (rounded)

Notwithstanding the method of calculation of these fees, it remains the Board's prerogative to determine the allocation to individual directors.

Approval is also given to a budget of \$20,000 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a) [redacted], MetService, PO Box 722, Wellington 6140

Hon Shane Jones



Minister of Forestry
Minister for Infrastructure
Minister for Regional Economic Development

Associate Minister of Finance
Associate Minister for State Owned Enterprises
Associate Minister of Transport

Mr Rodger Finlay
Chair
New Zealand Post Ltd
Private Bag 39 990
Wellington Mail Centre
LOWER HUTT 5045

Dear Mr Finlay

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for New Zealand Post Ltd (NZ Post) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$436,200, based on there being seven directors on the Board. The fees are based on a unit rate of \$52,865 per annum. I note that the Deputy Chair position is currently vacant. It is anticipated that this position will be filled during the course of the year and that the fees for this position will be paid pro rata.

NZ Post Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$105,730
Deputy Chair	\$66,082
Directors (x5)	\$264,325
Total fees	\$436,200 (rounded)

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

Approval is also given to a budget of \$28,000 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a), NZ Post, Private Bag 39 990,
Lower Hutt 5045

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Mr Gregory Fortuin
Chair
Quotable Value Ltd
PO Box 3698
AUCKLAND 1140

Dear Mr Fortuin

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for Quotable Value Ltd (Quotable Value) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$216,900, based on there being eight directors on the Board for a full year. The fees are based on a unit rate of \$23,448 per annum. It is noted that a process is underway to appoint two new directors to bring the board back up to eight. It is anticipated that these positions will be filled shortly and that the fees for these positions will be paid pro rata.

Quotable Value Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$46,896
Deputy Chair	\$29,310
Directors (x6)	\$140,688
Total fees	\$216,900 (rounded)

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

Approval is also given to a budget of \$20,000 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a) Quotable Value, PO Box 3698, Auckland 1140

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Pip Dunphy
Chair
Transpower New Zealand Ltd
PO Box 1021
WELLINGTON 6140

Dear Ms Dunphy

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for Transpower New Zealand Ltd (Transpower) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$534,800, based on there being eight directors on the Board for a full year, and includes \$30,000 special fees as detailed below. The fees are based on a unit rate of \$54,567 per annum.

Transpower Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$109,134
Deputy Chair	\$68,209
Directors (x6)	\$327,402
Special fees	
Special fees for additional workload required of the Board	\$30,000
Total fees	\$534,800 (rounded)

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

Special Fees

In respect of 'special fees', you have particularly outlined additional work being required of directors in respect of increasing reporting processes under RCP3 when finalised, enforcement action, ongoing project litigation and health and safety. s9(2)(ba)(i)

s9(2)(ba)(i)

s9(2)(ba)(i)

s9(2)(g)(i)

Approval is given for this year's special fees at \$30,000 until such time as the appropriateness of the current fees or the Transpower board are reviewed.

I am approving half of the amount sought for the current financial year, but I want to be assured that the special fees will be used solely for the purpose you have identified. I expect that you will have a system in place to record the additional duties performed, and that an appropriate record will be kept at Board level of the allocation of the special fees.

Approval is also given to a budget of \$25,000 for Board professional development, as requested.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc

s9(2)(a)

Transpower, PO Box 1021, Wellington 6140

SEENHon Grant Robertson
ORIGINALTE TAI ŌHANGA
THE TREASURY**Treasury Report:** Landcorp's 2019/20 Statement of Corporate Intent and Business Plan

Date:	14 August 2019	Report No:	T2019/2078
		File Number:	SE-2-8-1

Action Sought

	Action Sought	Deadline
Minister for State Owned Enterprises (Rt Hon Winston Peters)	For your information	None
Minister of Finance (Hon Grant Robertson)	For your information	None
Associate Minister of Finance (Hon David Parker)	Agree that the Associate Minister for SOEs should sign the attached letter to the Chair of Landcorp	None
Associate Minister for State Owned Enterprises (Hon Shane Jones)	Sign the attached letter to the Chair of Landcorp	Friday 16 August 2019

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
David Blue	Principal Advisor, Commercial Performance	s9(2)(k)	✓
Juston Anderson	Acting Manager, Commercial Performance		

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Send the signed letter to the Chair of Landcorp

21 AUG 2019

Note any
feedback on
the quality of
the report

--

Enclosure:

withheld under s9(2)(i)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Treasury Report: Landcorp's 2019/20 Statement of Corporate Intent and Business Plan

Executive Summary

The board of Landcorp Farming Limited (Landcorp), which trades as Pāmu, approved the company's SCI on 28 July 2019 and submitted it to shareholding Ministers. The SCI fulfils the requirements of the SOE Act and is suitable for tabling in the House.

The Treasury has reviewed Landcorp's SCI and business plan and makes the following observations:

Improvement in EBITDAR

Landcorp's budget EBITDAR¹ for FY2019/20 has improved significantly to \$61.1m compared to the expected actual of \$34m in FY2018/19. This improvement in operating profit is largely due to an increase in revenue principally from an anticipated increase in Landcorp's milk and livestock prices (not volume).

A new accounting standard (NZ IFRS 16) has recently been implemented which changes the way in which leases are expensed and presented from FY2019/20 onwards. For comparison purposes EBITDAR without the NZ IFRS 16 adoption would be \$49m for FY2019/20, which is still a 44% increase in operating profit compared to last year and well above the company's 10-year average of \$38m.

New performance targets

New performance targets from a recent benchmarking study have been included in the SCI. The benchmarking study is expected to lead to a productivity lift for livestock and dairy operations and improve the resilience of the business.

Funding Landcorp's capital programme

Landcorp's capital expenditure plan (\$49.5m) for FY2019/20 is significantly greater than its operational cashflow (\$26.2m).

s9(2)(g)(i) and s9(2)(i)

¹ Earnings before interest, tax, depreciation, amortisation, and revaluations
T2019/2078 : Treasury Report: Landcorp's 2019/20 Statement of Corporate Intent and Business Plan

COMMERCIAL-IN-CONFIDENCE

s9(2)(i)

For example, a farm-gate milk price fall from \$6.60 to \$6.35 per kgMS, a \$0.25 cent fall, would equate to a decrease in EBITDAR and operational cash flow of \$3.6m. Such volatility can easily occur in the milk price given Fonterra has changed its price by up to \$1 per kgMS in prior seasons. Given the nature of Landcorp's business and the volatility in its production and prices, operating under thin margins could create a risk that additional debt funding may be required.

s9(2)(g)(i)

Dividends of \$5m are stable over the forecast period.

s9(2)(g)(i)

Treasury will continue to discuss these issues with the Board and management of Landcorp throughout the year.

Recommended Action

We recommend that you agree to the Associate Minister for State Owned Enterprises signing the attached letter to the Chair of Landcorp Farming Limited on behalf of shareholding Ministers.

Agree/disagree
Hon David Parker

Agree/disagree
Hon Shane Jones

s9(2)(g)(ii)

Justin Anderson
Acting Manager, Commercial Performance

NOTED / APPROVED / DECLINED

MINISTER

Hon David Parker
Associate Minister of Finance

Hon Shane Jones
Associate Minister for State Owned Enterprises

COMMERCIAL-IN-CONFIDENCE

Treasury Report: Treasury Report: Landcorp's 2019/20 Statement of Corporate Intent and Business Plan

Purpose of Report

1. This report provides advice to shareholding Ministers on Landcorp Farming Limited's (Landcorp's) Statement of Corporate Intent (SCI) and business plan for FY2019/20-2021/22.
2. Attached for your reference [REDACTED]
s9(2)(g)(i)
3. We recommend the Associate Minister for State Owned Enterprises signs the attached letter to the Chair of Landcorp setting out shareholding Ministers' feedback on the company's SCI. We also see this as an opportunity to reiterate the expectations in the FY2019/20 Letter of Expectations (LOE) [REDACTED]
s9(2)(g)(i)

Background

4. Hon Shane Jones and Hon David Parker have been delegated responsibility for the oversight of Landcorp.
5. Landcorp submitted its draft SCI and business plan for FY2019/20-2021/22 earlier this year to the Treasury. At this time the Treasury undertook a review of the company's third quarter results and forecast to FY2018/19, as we wished to understand if the company's poor performance last year would have any implications for FY2019/20. Ministers agreed to extend the due date for Landcorp's SCI and business plan to 31 July 2019 (from 30 June 2019) to allow for this analysis to be undertaken.
6. Landcorp provided Treasury with its final SCI and business plan on 24 July 2019, which was approved by its board on 28 July 2019.
7. The SCI meets the disclosure requirements set out in Section 14 (2) and 14 (3) of the State Owned Enterprises Act 1986.

COMMERCIAL-IN-CONFIDENCE

Strategy and Objectives

8. Landcorp refreshed its strategy in February 2019 to ensure the company continues to meet the expectations of its shareholders. The strategy also addresses climate change, availability of water and water quality, and the shifts in consumer preferences towards sustainably produced natural foods shaping the food industry.

Landcorp Financials

9. Landcorp's budget EBITDAR for FY2019/20 has improved significantly to \$61.1m compared to FY2018/19 (\$34m expected actual). This improvement in operating profit is largely due to an increase in revenue principally from an anticipated increase in Landcorp's milk and livestock prices which more than offsets a decrease in volume.
10. A new accounting standard (NZ IFRS 16) has recently been implemented which changes the way in which leases are expensed and presented from FY2019/20 onwards. For comparison purposes, EBITDAR, without the NZ IFRS 16 adoption, would be \$49m for FY2019/20, which is a 44% increase in operating profit compared to last year and well above its 10-year average of \$38m.
11. Landcorp's profitability is largely influenced by its ability to manage its costs in response to fluctuations in seasonal production and underlying commodity prices. Operating expenses are stable over the forecast period, but there is a notable increase in:
 - i personnel costs increased (\$2.6m) due to an increase in salaries and a small increase in staff numbers, and
 - ii head office and corporate overheads increased by \$1m to \$18.8m for FY2019/20.
12. We support the Board's decision to analyse corporate overheads to understand the cost allocation better.

s9(2)(g)(i)
13. Landcorp is forecasting dividend payments of \$5m per year for the next three years. We expect SOEs to operate a dividend policy that gives an appropriate balance between dividends and re-investment in the business and shows a degree of consistency and improvement over the years.

s9(2)(g)(i)
14. The Board considers the commercial value of the company (including subsidiaries) to be \$1.4b as at 30 June 2019, which is \$69m less than last year due to a decrease in retained earnings and negative valuation adjustment. The valuation is based on the estimated market value of Landcorp's assets and liabilities. The company does not undertake a discounted cash flow valuation like most other companies, as the majority of its assets are in the form of land and buildings which can be directly valued based on market benchmarks. The Treasury supports this approach.
15. Landcorp has completed a recent benchmarking study in which the benchmarks that were identified are now aligned to a productivity lift for FY2019/20. Initiatives like this are important to ensure the resilience of the company to factors such as climate change and volatile commodity prices.

COMMERCIAL-IN-CONFIDENCE

16. s9(2)(i)

17. Landcorp has a significant investment in forestry (\$6m+ per year) planned over the next three years, with new plantings of 1,500 hectares per year expected compared to the initial plan last year of 1,000 hectares per year. s9(2)(g)(i)

18. The milk dryer, currently being built by Melody Dairies, is scheduled to be completed by in April 2020. s9(2)(g)(i)

19. s9(2)(i)

Capital expenditure and liquidity headroom

20. Landcorp intends to undertake a significant capital expenditure plan, and combined with working capital requirements will need \$51.3m of cash in FY2019/20. Landcorp's operational cashflows are forecast to be \$26.2m, falling well short of available funds.

21. s9(2)(g)(i)

22.

23.

24. For example, a farm-gate milk price fall from \$6.60 to \$6.35 per kgMS, a \$0.25 cent fall, would equate to a decrease in EBITDAR and operational cash flow of \$3.6m. Such volatility can easily occur in the milk price given Fonterra has changed its price by up to \$1 per kgMS in prior seasons.

25. s9(2)(g)(i)

26.

COMMERCIAL-IN-CONFIDENCE

s9(2)(g)(i)

Governance

27. Shareholding Ministers appointed Dr Warren Parker as Chair of Landcorp from 1 January 2019. Recently Ministers decided to appoint Joanna Davidson to the board and elevate Nigel Atherfold to Deputy Chair. There will be no further board roles for you to consider until April 2020, when long serving directors Chris Day and Tony Reilly will be completing their third terms on the board.

Risks

28. s9(2)(g)(i) and s9(2)(i)

29. s9(2)(g)(i) and s9(2)(i)

30. Due to the nature of Landcorp's business it is susceptible to climatic and environmental impacts which could have an adverse effect on its financial performance.

Next Steps

31. The Treasury has reiterated to the Board and management the need to operate as a successful business comparable to a private sector company and deliver on Ministerial expectations.

32. The Treasury also encourages the Board to:

- lead a review of Landcorp's capital expenditure programme, and to only support those projects that deliver on the objectives of the Letter of Expectations, and are considered commercially viable, and

s9(2)(g)(i)

Hon Shane Jones

Minister of Forestry

Minister for Infrastructure

Minister for Regional Economic Development

Associate Minister of Finance

Associate Minister for State Owned Enterprises

Associate Minister of Transport



Dr Warren Parker
Chair
Landcorp Farming Limited
PO Box 5349
WELLINGTON 6145

Dear Dr Parker

2019/20 Statement of Corporate Intent and Business Plan

Thank you for providing shareholding Ministers with the 2019/20-2021/22 Statement of Corporate Intent (SCI) and business plan for Landcorp Farming Limited.

We note that Landcorp aims to deliver improved financial performance and shareholder returns over the forecast period, while it responds to significant challenges facing the agricultural sector.

We wish to reiterate our expectation that Landcorp continues to operate as a successful business and be as profitable and efficient as comparable businesses not owned by the Crown. We also expect the Board to deliver on this year's Letter of Expectations, which has three primary expectations of Landcorp:


- to be a successful pastoral farming company and so *prioritise core on-farm operations* and seek to reduce the environmental impact of its farming practices, in line with best farming practices
- *not to enter any new off-farm value-add activities* without written consent from shareholding Ministers, and to prioritise those activities that represent material revenues and profits within current portfolio of off-farm value-add activities, and
- to provide a *high level of detail and transparency* around its on-farm and off-farm operational performance and capital investment programme to its shareholding Ministers and Treasury

Landcorp has planned a number of initiatives and capital expenditure commitments which s9(2)(g)(i) and s9(2)(i)

In this regard, we would prefer that Landcorp consolidates its focus, as outlined in the Letter of Expectations, by demonstrating the commercial viability of off-farm activities before pursuing other ventures, and focuses on reducing debt. We expect Landcorp to review its capital expenditure plan and seek an appropriate balance between the company achieving its optimal debt level, reinvestment approach, and importantly delivering strong business

performance to result in dividend payments that show some consistency and improvement over the years.

s9(2)(g)(i)



We support your focus on lifting productivity and performance of core on-farm operations, as well as the current strategic review of Pāmu Foods.

We expect you to keep our officials apprised of any developments or changes to your strategy.

We wish you every success for the year ahead.

Yours sincerely

Hon Shane Jones
Associate Minister for State Owned Enterprises

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



Reference: T2019/2483

File No. SH-1-6-10

Date: 14 August 2019

To: Minister of Finance (Hon Grant Robertson)

Deadline: 19 August 2019

Aide Memoire: Preliminary Assessment of Interim Cancer Action Plan

The Minister of Health will be taking an item to Cabinet on Monday, 19 August to seek Cabinet endorsement to release an Interim Cancer Action Plan (CAP) for public consultation. We have not seen this paper. In response to our previous advice on the Interim CAP (T2019/2256), your office requested that the Treasury provide an assessment of the actions within the plan, which we have included in the attached document (Annex 1) entitled: *Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)*.

Our preliminary assessment provides a breakdown of each action over a number of dimensions, including:

- The type of intervention (policy and planning, health promotion, regulatory, investment),
- whether the action was an enabler of other actions (to inform prioritization),
- whether the Treasury has any information from existing sources (business cases, previous budget bids, previous Cabinet papers) to inform a cost estimate, and
- considerations about achievability where there are workforce, facility or other constraints.

Due to the timeframes available, the preliminary assessment is based on the 28 June draft of the Interim CAP which has subsequently gone through several iterations as the document was prepared for release, but that do not materially affect the analysis. The document has also not been shared with the Ministry of Health.

Our visibility across the actions in the Interim CAP varies significantly, from investments we have monitored over a multi-year period, to actions for which we have had no visibility or engagement.

From the preliminary assessment, our key comments on the Interim CAP are:

- We have assessed 34 of the 61 actions identified as policy and planning interventions, including those that include multiple intervention types. These include preparing additional action plans, acknowledging particular therapies and

developing advice, processes and guidelines.

s9(2)(g)(i)

- s9(2)(g)(i) . It will be critical that the final CAP outlines a credible implementation plan for the CAP.
- Given the volume of policy process related actions which could result in many different potential outcomes, in our view costing the final outputs of the CAP at this time is not feasible. We have generally assessed the indicative cost of policy and planning interventions as low, reflecting the immediate cost of the process rather than the eventual output which would need to be considered separately. The outputs are likely to require significant investment. This also needs to be a feature of the final CAP.

s9(2)(g)(i)

Treasury recommends that before the CAP is agreed to by Cabinet, further work is undertaken concurrent with the consultation on the Interim CAP to address the risks identified above. This could focus on:

- Ensuring the CAP is deliverable. s9(2)(g)(i)
- Prioritization of actions, including consideration of trade-offs, such as costs (including flow-on costs) and delivery constraints (such as workforce capacity), and
- Sequencing of actions, to ensure that enablers of other actions are completed first.

Annex 1: Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Davin Hall, Principal Advisor, Health,
Jess Hewat, Acting Manager, Health,

s9(2)(k)

s9(2)(g)(i)

Preliminary Assessment - Interim Cancer Action Plan
(as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system			Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (Identify BAU)	Potential issues with workforce, infrastructure, etc.
1	Fewer cancers	Smokefree 2025	Develop tobacco action plan s9(2)(f)(iv)	PP	Yes (6)	Yes	s9(2)(f)(iv)	Low	No	
2	Fewer Cancers	Smokefree 2025		R	No	No	No	Low	Yes	
3	Fewer cancers	Smokefree 2025	Introduce legislation to provide regulatory framework for vaping	R	Yes (4)	Yes	No	Low	Yes	
4	Fewer cancers	Smokefree 2025	Promote vaping as a tool for smokers to quit	HP	No	Yes	s9(2)(f)(iv)	Low	Yes	
5	Fewer cancers	Smokefree 2025	Implement guidance for smoking cessation providers to support young Māori women to quit	HP	No	Yes	No	Low	No	

Preliminary Assessment - Interim Cancer Action Plan
(as at 28 June)

Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
Action number (internal use)	Fewer cancers, better survival, equitable outcomes, sustainable system		Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (Identify BAU)	Potential issues with workforce, infrastructure, etc.
	6 Fewer cancers	Deliver actions from tobacco action plan once finalized	HP	No	No	s9(2)(f)(iv)	High	Yes	
	7 Fewer cancers	Improve the detection and management of hepatitis B	HP	No	Yes	No	Unknown	No	
	8 Fewer cancers	Implement priority activities from the National Hepatitis C Action Plan	I	No	No	No	Unknown	Yes	
	9 Fewer cancers	Increase uptake of HPV vaccination	HP	No	Yes [miscategorized]	No	Low	No	
10 Fewer cancers	Prevent cancer related to infection	Develop a strategy to address H. pylori infection in priority populations	PP	No	Yes	No	Low	No	
	Prevent cancer related to infection	Reduce HIV transmission and ensure treatment is maintained	HP	No	Yes	No	Medium	No	
11 Fewer cancers	Prevent cancer related to infection								

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
Action number (internal use)	Fewer cancers, better survival, equitable outcomes, sustainable system	Name, brief description	Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (identify BAU)	Potential issues with workforce, infrastructure, etc.
12	Fewer cancers	Encourage and support healthy living	Create supportive food environments across a range of settings, with schools as an initial priority	HP	No	Yes	High	Yes	
13	Fewer cancers	Encourage and support healthy living	Take a coordinated intersectoral approach to increase New Zealanders' levels of physical activity	HP	No	Yes	Low	No	
14	Fewer cancers	Encourage and support healthy living	Consider additional population approaches to achieve and maintain healthy weight	PP	No	Yes	Low	No	HPA already does this, funded through levy on alcohol
15	Fewer cancers	Encourage and support healthy living	Implement approaches to minimize harm from alcohol	HP	No	Yes	Medium	Yes	
16	Fewer cancers	Reduce the incidence and impact of avoidable skin cancer caused by UVB	Enhance prevention campaigns, including promotion through a range of settings	HP	No	Yes	Low	Yes	HPA has done this recently

Preliminary Assessment - Interim Cancer Action Plan
(as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system			Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (Identify BAU)	Potential issues with workforce, infrastructure, etc.
17	Fewer cancers	Reduce the incidence and impact of avoidable skin cancer caused by UVR	S9(2)(f)(iv)	R	No	Yes	S9(2)(f)(iv)	Low	Yes	
18	Fewer cancers	Reduce exposure to work-related carcinogens (to be led by Worksafe)	Develop work related cancer action plan S9(2)(f)(iv)	PP	No	Yes	No	Low	No	
19	Fewer cancers	Improve cancer diagnosis and treatment outcomes	Develop fast tracked diagnosis pathways for priority cancers Implement initiatives to support access to quality cancer treatment Nationally agree the scope and distribution of specialist cancer and cancer surgical services	R	No	Yes (only appears as interim priority)	No	Low	No	
20	Better Survival	Improve cancer diagnosis and treatment outcomes	Implement initiatives to support access to quality cancer treatment	PP	No	Yes	No	Low	No	
21	Better Survival	Improve cancer diagnosis and treatment outcomes	Nationally agree the scope and distribution of specialist cancer and cancer surgical services	I	No	Yes	No	Medium	No	
22	Better Survival	Improve cancer diagnosis and treatment outcomes		PP	No	Yes	No	Low	No	

Preliminary Assessment - Interim Cancer Action Plan
(as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system		Name, brief description	Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (Identify BAU)	Potential issues with workforce, infrastructure, etc.
23	Better Survival	Improve cancer diagnosis and treatment outcomes	Develop a plan to sustain an increase capacity for radiation oncology	I	No	Yes	s9(2)(f)(iv)	High	Yes	Business case development needs to get underway immediately to achieve announced timeframe, workforce capacity for expansion for unknown
24	Better Survival	Improve cancer diagnosis and treatment outcomes	Collect detailed data to identify and address inequities and inefficiencies in chemotherapy and other anti-cancer therapies	PP	No	Yes	No	Low	No	
25	Better Survival	Improve cancer diagnosis and treatment outcomes	Earlier assessment of new medicine applications	PP/I	No	Yes	No	Low	Yes	
26	Better Survival	Improve cancer diagnosis and treatment outcomes	s9(2)(f)(iv)		No	Yes	No	High	Yes	
27	Better Survival	Improve cancer diagnosis and treatment outcomes	Ensure more transparent funding decisions by PHARMAC	PP	No	Yes	No	Low	Yes	

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system		Name, brief description	Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (identify BAU)	Potential issues with workforce, infrastructure, etc.
28	Better Survival	Improve cancer diagnosis and treatment outcomes	Acknowledge the use of traditional and or complementary therapies as part of care planning	PP	No	No	No	Low	No	
29	Better Survival	Improve cancer diagnosis and treatment outcomes	Proactively assess, treat, and manage patients with co-morbidities S9(2)(f)(iv)	I	No	No	No	High	No (BAU)	
30	Better Survival	High quality population screening	Ensure equitable participation for existing national cancer screening programmes through targeted investment for priority populations I	I	Yes (32, 33, 35)	Yes	No	High	No	
31	Better Survival	High quality population screening	Progressively increase the age of breast screening from 69 to 74 S9(2)(f)(iv)	I	No	Yes		High	Yes	National Screening Solution (NSS) may be an enabler. Workforce may be a constraint.
32	Better Survival	High quality population screening		I	No	No		High	Yes	Requires NSS

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system		Name, brief description	Policy and planning (pp), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (identify BAU)	Potential issues with workforce, infrastructure, etc.
33	Better Survival	High quality population screening	Consider implementing HPV self testing s9(2)(f)(iv)	PP	No	No	No	Low	No	
34	Better Survival	High quality population screening	s9(2)(f)(iv)	I	Yes (32, 35)	Yes	s9(2)(f)(iv)	Medium	Yes	
35	Better Survival	High quality population screening	s9(2)(f)(iv)	I	No	Yes	s9(2)(f)(iv)	High	Yes	Requires NSS, workforce constraints, facility constraints
36	Better Survival	High quality population screening	Actively monitor evidence for new targeted screening programmes for priority populations	PP	No	No	No	Low	No	
37	Better Survival	Living well with and beyond cancer	Develop care plans to meet the holistic needs of patients and families whanau including advance care plans	PP	No	No	No	Low	Yes (BAU)	

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system			Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (Identify BAU)	Potential issues with workforce, infrastructure, etc.
38	Better Survival	Living well with and beyond Cancer	Develop agreed cancer surveillance guidelines	PP	No	No	No	Low	No	
39	Better Survival	Living well with and beyond cancer	SS(2)(f)(iv)	I	No	Yes	SS(2)(f)(iv)	High	Yes	
40	Better Survival	Living well with and beyond Cancer	Implement phase 2 actions from the national travel assistance policy review	I	No	No	No	Unknown	No	
41	Better Survival	Living well with and beyond cancer	Consider options for kaupapa Māori and Māori led programmes for family whānau affected by cancer	PP	No	No	No	Low	No	
42	New Zealanders experience equitable outcomes	SS(2)(f)(iv)								

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system			Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (Identify BAU)	Potential issues with workforce, infrastructure, etc.
43	New Zealanders experience equitable outcomes	Address all forms of racism and discrimination	Develop culturally responsive governance for cancer and a culturally responsive cancer health and social workforce	PP/I	No	Yes	No	Low	No	
44	New Zealanders experience equitable outcomes	Achieving equity by design	Achieve cancer survival equity by 2030	I	No	Yes	No	High	No	Would require significant uplift in treatment volumes and changes to current approaches
45	New Zealanders experience equitable outcomes	Achieving equity by design	Develop a robust equity first prioritisation methodology to be used in cancer investment decision-making	PP	Yes. Should occur prior to investment decisions	Yes	No	Low	No	
46	New Zealanders experience equitable outcomes	Achieving equity by design	Develop a monitoring framework for the cancer plan that includes an explicit focus on equity	PP	Yes. Should occur prior to investment decisions	Yes	No	Low	No	

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system		Name, brief description	Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (identify BAU)	Potential issues with workforce, infrastructure, etc.
47	New Zealanders experience equitable outcomes	Achieving equity by design	Develop and implement people and family/whānau centred care guidelines	PP	No	No	No	Low	No	
48	New Zealanders will have a system of care that is sustainable	Governance and leadership	S9(2)(f)(iv)	PP	Yes (all)	No	No	Low	No	
49	New Zealanders will have a system of care that is sustainable	Governance and leadership	Establish a new national director of cancer control at the MoH	PP	No	Yes	No.	Low	Yes (BAU)	

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system		Name, brief description	Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (Identify BAU)	Potential issues with workforce, infrastructure, etc.
50	New Zealanders will have a system of care that is sustainable	Governance and leadership	s9(2)(f)(iv)	PP	Yes (all)	Yes	No	Low	No (BAU)	
51	New Zealanders will have a system of care that is sustainable	Health workforce	Implement workforce development initiatives to increase the Māori and Pacific workforce	I	No	Yes	s9(2)(f)(iv)	Low	Yes	
52	New Zealanders will have a system of care that is sustainable	Health workforce	Implement routine monitoring of workforce needs assessment across the cancer continuum	PP	No	Yes	No	Low	No (BAU)	

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system		Name, brief description	Policy and planning (PP), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (identify BAU)	Potential issues with workforce, infrastructure, etc.
53	New Zealanders will have a system of care that is sustainable	Health workforce	Consider developing new roles to better support a family whānau centred holistic approach in cancer control	PP	No	No	No	Low	No (BAU)	
54	New Zealanders will have a system of care that is sustainable	Health workforce	Support mandatory cultural competency training	PP	No	Yes	No	Low	No (BAU)	
55	New Zealanders will have a system of care that is sustainable	Data and information	s9(2)(f)(iv)	PP	Yes. Should occur before investment decisions	Yes	No	Low	No	

Preliminary Assessment - Interim Cancer Action Plan (as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system		Name, brief description	Policy and planning (pp), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (identify BAU)	Potential issues with workforce, infrastructure, etc.
56	New Zealanders will have a system of care that is sustainable	Data and information	s9(2)(f)(vi)	PP	No	Yes	No	Low	No	
57	New Zealanders will have a system of care that is sustainable	Research and innovation	Lead efforts to inform cancer research priorities that will support the outcomes of the plan	PP	No	Yes	No	Low	No	
58	New Zealanders will have a system of care that is sustainable	Research and innovation	Increase kaupapa Māori research and evaluation capacity and capabilities	PP	No	No	No	Low	No	
59	New Zealanders will have a system of care that is sustainable	Research and innovation	Develop advice on how equitable access and wider use of clinical trials can be achieved	PP	No	No	No	Low	No	

Preliminary Assessment - Interim Cancer Action Plan
(as at 28 June)

Action number (internal use)	Plan area	Action area	Name /description of Action	Type of Intervention	Enabler of other actions	Priority action	Cost estimate available	Indicative view of potential cost	Treasury awareness of work underway	Commentary on Achievability
	Fewer cancers, better survival, equitable outcomes, sustainable system			Policy and planning (pp), Health Promotion (HP), Regulatory (R), Investment (I)	Yes/No. Identify flow on action(s)	Yes/No	Yes/No, Source	Low /medium /high or unknown	Yes/No (identify BAU)	Potential issues with workforce, infrastructure, etc.
			Develop national processes to assess and prioritise investment in and application of emerging medicines, clinical practices, technologies	PP	Yes (26)	No	No	Medium	No. Former National Health Committee function in MoH and PHARMAC (BAU)	
60	New Zealanders will have a system of care that is sustainable	Research and innovation	Formalise international research partnerships and connections	PP		No	No	Low	No	
61	New Zealanders will have a system of care that is sustainable	Research and innovation		PP	No	No	No			


Treasury Report: SOE Portfolio (non-delegated): Director Fee Approvals 2019/20

Date:	5 August 2019	Report No:	T2019/1912
		File Number:	CM-0-3-22

Action Sought

	Action Sought	Deadline
Rt Hon Winston Peters Minister for State Owned Enterprises	Note and agree recommendations, agree to sign the letters approving board fee levels for 2019/20	As soon as practicable
Hon Grant Robertson Minister of Finance	Note and agree recommendations	None
Hon Phil Twyford Minister for Urban Development	For your information	None

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Gael Webster	Manager, Governance and Appointments	s9(2)(k)	s9(2)(g)(ii)	✓

Actions for the Minister of State Owned Enterprises' Office Staff (if required)

Return the signed report to Treasury.

Sign and post the attached letters to the Chairs with copies to the companies and Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: SOE Portfolio (non-delegated): Director Fee Approvals 2019/20

Executive Summary

This report addresses the requirement for the companies within your SOE Portfolio to receive formal approval of their director fee levels for 2019/20, together with any special fees and professional development budget to which you agree. By convention, the responsible Minister signs the fee approval letters on behalf of both shareholding Ministers. The current approvals expired on 30 June 2019.

Recommended Action

We recommend that you:

- a. **note** that the Companies Act 1993 and the constitutions of Crown companies require board fees to be approved by shareholding Ministers and that, by convention, the responsible Minister signs the approval on behalf of both shareholding Ministers
- b. **note** that, as the fees have been determined on the basis of a methodology previously approved by Cabinet, it is not necessary for you to consult with SSC
- c. **note** that the fees were reviewed in late 2016 and increased where applicable with effect from 1 January 2017

d. s9(2)(f)(iv)

- e. **note** that the payment of 'special fees' has been recommended for the board of Crown Infrastructure Partners Ltd (CIP)
- f. **note** that the board of KiwiRail Holdings Ltd (KiwiRail) has requested the payment of \$280,000 per annum until 30 June 2021 in 'special fees'
- g. **agree** to defer approval of special fees for the KiwiRail board until after Treasury's meeting with the KiwiRail Chair to discuss the purpose of the special fees

Agree/disagree.

Agree/disagree.

Minister for State Owned Enterprises

Minister of Finance

- h. **note** that your approval is also required for the professional development budgets requested by the boards

- i. **agree** to the Minister for State Owned Enterprises signing the attached letters to the Chairs of the companies, approving their board fees for 2019/20.

Agree/disagree.

Agree/disagree.

Minister for State Owned Enterprises

Minister of Finance

Gael Webster
Manager, Governance and Appointments

Rt Hon Winston Peters
Minister for State Owned Enterprises

Hon Grant Robertson
Minister of Finance

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Treasury Report: SOE Portfolio (non-delegated): Director Fee Approvals 2019/20

Purpose of Report

1. The Companies Act 1993 and the constitutions of Crown companies require board fees to be approved by shareholding Ministers. This report addresses the formal approvals required for SOEs (including 'special fees' and professional development budgets where appropriate) for the payment of 2019/20 board fees. The current fee approvals expired on 30 June 2019.

Background

2. Please note that we have split the SOE Portfolio into two reports to reflect the Ministerial delegations. For the purpose of this report, the term 'SOE Portfolio', refers to the following SOE boards:
 - Crown Infrastructure Partners Ltd (CIP)
 - KiwiRail Holdings Ltd (KiwiRail)
 - New Zealand Railways Corporation (NZRC).
3. The fees for the boards of the SOEs have been determined on the basis of a methodology initially approved by Cabinet in December 2003. The methodology was updated in 2013. In December 2016, the then Minister of Finance agreed a 5% increase across the Crown company portfolio to be distributed across the companies with a greater variance to the fee level¹ under the methodology in an effort to reduce that variance.
4. The base directors' fees for the SOEs were increased where applicable from 1 January 2017.
5. s9(2)(f)(iv)
6. This approval is essentially a mechanical issue, as the amounts are derived from the fee-setting methodology, and are a function of the number of directors on a board. The Chair allowance is two times the unit rate, and the Deputy Chair allowance is 1.25 times the unit rate. As these fee levels have been previously approved, it is not necessary for you to consult SSC.
7. Once the total pool of fees is approved, it is the board's prerogative to determine the allocation of 'ordinary fees' to individual directors.
8. You are also asked to approve special fees for CIP and the professional development budget requested by the boards. Even though professional development is carried out in the context of a specific board role, it also has an element of personal benefit; hence the need for your approval.

¹ The fee level for Crown companies under the methodology is set at 90% of comparable private sector fees, reflecting a 10% public sector discount.

Special fees request - CIP

9. The Methodology provides that boards may seek approval to pay directors 'special fees'. There are no set criteria for what constitutes a 'special fee', but they are considered only where directors are required to contribute time over and above what would be considered an ordinary commitment, and where the company has provided appropriate justification.
10. The CIP Board has requested \$70,000 in special fees for additional work of directors in relation s9(2)(f)(iv) s9(2)(f)(iv) s9(2)(f)(iv) We recommend your approval.
11. The Treasury considers the special fees request is reasonable given the extensive involvement that is required by the board s9(2)(f)(iv)
12. s9(2)(f)(iv)

Special fees request - KiwiRail

13. The KiwiRail board has requested \$280,000 per annum until 30 June 2021 in special fees for directors working on projects which require time over and above what would be considered an ordinary commitment. We are currently seeking a meeting with the Chair to better understand the Board's intentions for the governance of these projects in the context of its overall governance of KiwiRail. We recommend deferring the approval of special fees until after this meeting when we are in a better position to provide advice whether to recommend approval.

Professional development budgets

14. The current director fee rates, special fees and professional development budgets for which approvals are sought in this report are summarised below.

Table 1. 2019/20 fees and professional development requests for SOE boards

Company	Director fee unit rate (\$)	Special fees (\$)	Professional development budget (\$)
CIP	31,582	70,000	20,000
KiwiRail	44,109	<i>under consideration</i>	32,000
NZRC	18,000	-	4,000

Financial Implications

15. There are no direct financial implications for the Crown, as all Crown company directors' fees are paid directly from company revenues.

Next Steps

16. If you agree, you are asked to sign and send the attached letters approving the directors' fees for the SOE boards for 2019/20 as soon as possible.

Attached Documents

17. Attached to this report are:
- Annex I: Approval letters to SOE Chairs.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Mr Simon Allen
Chair
Crown Infrastructure Partners Ltd
PO Box 105 321
AUCKLAND 1143

Dear Mr Allen

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the director fees for Crown Infrastructure Partners Ltd (CIP) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$322,700, based on there being seven directors on the Board for a full year, and including \$70,000 in special fees as detailed below. The ordinary director fees are based on a unit rate of \$31,582 per annum.

I note that an appointment process is underway to identify two additional directors to bring the Board up to seven members. It is anticipated that the new directors may be appointed shortly and that the fees for these positions will be paid pro rata.

CIP Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$63,164
Directors (x6)	\$189,492
Special fees	
s9(2)(f)(iv)	\$70,000
Total fees	\$322,700 (rounded)

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

Note that if the responsibilities of the company substantially change in future, I may issue a revised approval.

Special Fees

You have requested \$70,000 in special fees for additional work of directors s9(2)(f)(iv)

Approval is given to the amount of \$70,000 in special fees. If the need for special fees is likely to exceed this amount (e.g. if new directors are appointed to the Board), you may request prior approval for additional special fees.

This approval is given on the basis that the special fees will be used only for the purpose specified. I expect that you will have a system in place to record the additional duties performed, and that an appropriate record will be kept at Board level of the allocation of the special fees.

I note that shareholding Ministers have approved special fees for the CIP Board almost every year since it was established as Crown Fibre Holdings in 2009, and that the Board has shown restraint in spending that fees pool. However, I am mindful that such fees are not intended to be the norm and are only to be considered for exceptional circumstances and as extraordinary requests. Once there is more certainty about CIP's future strategic direction, I intend to review the structure of the company's Board fees.

Approval is also given to a budget of \$20,000 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Rt Hon Winston Peters
Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a) Chief Legal and Risk Officer, CIP, PO Box 105 321, Auckland 1143

Mr Brian Corban
 Chair
 KiwiRail Holdings Ltd
 Private Bag 92138
 Victoria Street West
 AUCKLAND 1142

Dear Mr Corban

Board Fees 2019/20

In this letter I am conveying the approval of shareholding Ministers to the fees for KiwiRail Holdings Ltd (KiwiRail) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The level approved is \$408,100, based on there being eight directors on the Board for a full year. The fees are based on a unit rate of \$44,109 per annum.

KiwiRail Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$88,218
Deputy Chair	\$55,137
Directors (x6)	\$264,654
Total fees	\$408,100 (rounded)

Notwithstanding the method of calculation of these fees, it remains the Board's prerogative to determine the allocation to individual directors.

Approval is also given to a budget of \$32,000 for Board professional development.

Your request for special fees is still under consideration and I will issue a revised fee approval letter once the level of special fees has been determined.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Rt Hon Winston Peters
Minister for State Owned Enterprises
on behalf of shareholding Ministers

Mr Brian Corban
 Chair
 New Zealand Railways Corporation
 Private Bag 92138
 Victoria Street West
 AUCKLAND 1142

Dear Mr Corban

Board Fees 2019/20

I am writing to convey the approval of shareholding Ministers to the fees for New Zealand Railways Corporation (NZRC) for 2019/20.

This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology. The fee level approved is \$72,000, based on there being three directors on the Board for the financial year. The fees are based on a unit rate of \$18,000 per annum.

I note that there is currently one vacancy on the Board. It is anticipated that a new director may be appointed during the course of the year and that the fees for this position will be paid pro rata.

NZRC Board Fees Approval – 2019/20

Ordinary fees	Amount
Chair	\$36,000
Directors (x2)	\$36,000
Total fees	\$72,000

Notwithstanding the method of calculation of these fees, it remains the Board's prerogative to determine the allocation to individual directors.

Approval is also given to a budget of \$4,000 for Board professional development.

All fees, and any other payment or reimbursement to directors, should be paid in accordance with the Directors Fees and Reimbursement Guidelines annexed to the Owner's Expectations Manual issued in 2012 (available on the Treasury website).

Yours sincerely

Rt Hon Winston Peters
Minister for State Owned Enterprises
on behalf of shareholding Ministers

cc s9(2)(a) General Counsel, New Zealand Railways Corporation, Private Bag 92138,
 Victoria Street West, Auckland 1142



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



**TE TAI ŌHANGA
THE TREASURY**

Joint Report: Economic Strategy Meeting 26 August 2019

Date:	23 August 2019	Report No:	T2019/2552 (TSY) 0627 19-20 (MBIE)
		File Number:	SH-11-1-3

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	Discuss feedback you have on the attached material with officials on Monday 26 August 2019 Agree to circulate the attached material for ministerial consultation, seeking feedback by Thursday 29 August.	Monday 26 August
Minister for Economic Development (Hon Phil Twyford)	Discuss feedback you have on the attached material with officials on Monday 26 August 2019 Agree to circulate the attached material for ministerial consultation, seeking feedback by Thursday 29 August.	Monday 26 August

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Scott Russell	Senior Analyst, Economic Strategy and Productivity, The Treasury	s9(2)(k) N/A (mob)	✓
Andrew Rutledge	Manager, Economic Strategy and Productivity, The Treasury	N/A (mob)	
Joe Murray-Cullen	Senior Advisor, Strategic Policy, Ministry of Business Innovation & Employment	N/A (mob)	✓
Hamish Wilson	Manager, Strategic Policy, Ministry of Business Innovation & Employment	N/A (mob)	

Minister's Office actions (if required)

Return the signed report to Treasury and the Ministry of Business, Innovation and Employment.

Enclosure: Yes (attached)

Treasury: 4161072v1

Joint Report: Economic Strategy Meeting 26 August 2019

Purpose of Report

1. You are meeting with officials on Monday 26 August at 8:30 a.m. to discuss the next steps for the Economic Strategy.
2. This report provides:
 - a. an updated version of the policy framework (*Annex One*);
 - b. a revised draft of the narrative (*Annex Two*); and
 - c. a draft cabinet paper (*Annex Three*).
3. Officials seek your agreement to circulate the revised draft narrative, policy framework, and cabinet paper for Ministerial consultation, following this meeting on Monday 26 August and incorporating any changes you request.

Consultation and Changes

Policy framework

4. We have made changes to the policy framework following your feedback, and the feedback from discussion at the DEV Strategic Subcommittee on Wednesday 21 August. These changes include:
 - a. incorporating the importance of connections to international markets and digital technologies more prominently throughout the framework; and
 - b. modifying the language of the housing shift to focus on the economic challenges arising from a poorly performing housing market.

Narrative

5. We have also made changes to the narrative. These changes include:
 - a. replacing and improving several of the case studies (we are still working on developing people focused case studies);
 - b. modifying the measurement section to focus on reporting through the Wellbeing Outlook in Budget each year, and removing explicit presentation of the existing targets;
 - c. weaving those targets into the body of the narrative where relevant;
 - d. modifying the text descriptions of some of the key shifts following agency feedback; and
 - e. including the Budget Responsibility Rules and a statement about the importance of macro-economic fundamentals for stability, and being able to manage short-term economic cycles.
6. As requested, we have included an annex in a table of key wellbeing indicators aligned to the key economic shifts in the final copy of narrative. There are several matters with this approach, including:

- a. s9(2)(g)(i)
 - b. the indicators available are going to change as the LSF Dashboard and IANZ develop, which will lead to the table quickly becoming out of date;
 - c. the measurement section of the narrative explains your plans to comprehensively take stock of economic performance through the Wellbeing Outlook, so the table may not be necessary.
7. On balance, we recommend you consider removing the table in the final copy of narrative before circulating it for ministerial consultation.

Draft Cabinet Paper

8. We have drafted a Cabinet paper seeking agreement to the *Economic Plan*, and seeking agreement to launch it in September 2019. This will need to be lodged (with the final strategy and policy framework attached) by Thursday 5 September 2019.
9. The Cabinet paper:
 - a. sets out the reasons for refreshing the Government's economic strategy;
 - b. reaffirms the vision for a productive, sustainable and inclusive economy;
 - c. sets out the eight key economic shifts;
 - d. describes the measurement approach; and
 - e. outlines at a high-level how Ministers will be expected to use the economic strategy.
10. We seek your feedback on the Cabinet paper and agreement to circulate it for Ministerial consultation subject to any changes.
11. We particularly seek your feedback on the commitment in paragraph 18 and recommendation 6 to report back to Cabinet with further proposals for implementing and governing the economic strategy (i.e. strategically prioritising and monitoring implementation). Removing this recommendation would not limit you returning to Cabinet to establish governance arrangements later, it only serves to signal your intent.

Launch Logistics

12. You have indicated that you want the launch to coincide with (launching either before or at) the Mood of the Boardroom in Auckland, on 24 September.
13. If you do not want to launch the document there, we seek feedback from you / your offices on the other options for launching the document as previously provided in advice.

Next Steps and Timelines

Key milestones for September release

Date	Item	Action sought
Mon 26 Aug	Fourth Joint Ministers meeting	To provide feedback on the policy framework, narrative, and cabinet paper; and agree to circulate them for consultation
Mon 26 Aug	Ministerial consultation begins	-
Thurs 29 Aug	Ministerial comments due	Any final feedback from Ministerial colleagues
Mon 2 Sept	Fifth Joint Ministers meeting	To review and sign off the final version of the narrative and Cabinet paper for lodgement (and indicate final changes to be made before 5 September)
Thurs 5 Sept	Joint DEV paper lodged	
Mon 9 Sept	Sixth Joint Ministers meeting	-
Wed 11 Sept	DEV meeting	Approval
Thurs 12 Sept	Deadline for printers	-
Mon 6 Sept	CAB meeting	Approval
w/c 23 Sept	Launch date	-

14. Your next joint meeting with officials is on Monday 26 August at 8:30 a.m.
15. Subject to your approval, your offices will circulate the attached material (policy framework, narrative and cabinet paper) for Ministerial consultation on Monday 26 August, seeking feedback by midday, Thursday 29 August.
16. Officials will then respond to Ministerial feedback and provide a revised version to your offices, for discussion on at the joint ministers meeting on Monday 2 September.

Annexes

Annex One: Final draft the policy framework

Annex Two: Revised draft of the narrative

Annex Three: Draft Cabinet paper

Recommended Actions

We recommend that you:

- a **discuss** any feedback you have with officials on Monday 26 August 2019 on:
- a. the updated version of the policy framework (*Annex One*);
 - b. the re-drafted narrative (*Annex Two*);
 - c. the table of wellbeing indicators in the draft narrative;
 - d. the draft Cabinet paper (*Annex Three*); and
 - e. the logistics for the launch.

- b **Agree** to the updated version of the policy framework (*Annex One*) subject to final changes following your meeting with officials

Agree/Disagree
Minister of Finance

Agree/Disagree
Minister for Economic Development

- c **agree** to circulate the policy framework, draft narrative, and draft Cabinet paper for Ministerial consultation, seeking feedback by Thursday 29 August.

Agree/Disagree
Minister of Finance

Agree/Disagree
Minister for Economic Development

Andrew Rutledge
**Manager, Economic Strategy and
Productivity, The Treasury**

Hamish Wilson
**Manager, Strategic Policy, Ministry of
Business Innovation and Employment**

Hon Grant Robertson
Minister of Finance

Hon Phil Twyford
Minister for Economic Development

Economic Plan

OUR VISION

TO BUILD A PRODUCTIVE, SUSTAINABLE AND INCLUSIVE ECONOMY
TO IMPROVE THE LIVING STANDARDS AND WELLBEING OF ALL NEW ZEALANDERS

Grow and share NZ's
prosperity

Support thriving and
sustainable regions

Transition to a clean, green
and carbon neutral NZ

Deliver responsible governance
with a broader measure
of success

THE KEY ECONOMIC SHIFTS WE NEED TO ACHIEVE OUR VISION ARE...



The NZ economy
moves from volume
to value with kiwi
businesses, including
SMEs, becoming
more productive

This means...

- Building on our existing strengths and international connections to leverage new opportunities in domestic and international markets
- Investing in new technology and being at the forefront of digital innovation
- Thriving and dynamic small, medium and large enterprises



People are skilled,
adaptable and
have access to
lifelong learning

This means...

- Businesses can access the skills and labour when and where they need it
- People continually updating the skills they need for success in the future of work
- Productive and fair employment



Deeper pools
of capital are
available to invest
in infrastructure
and grow NZ
productive assets

This means...

- Kiwis have confidence to invest in innovative NZ firms
- Regions and businesses have access to the world's knowledge and innovation through stronger international connections
- NZ businesses have timely access capital to innovate and grow



Strong and
revitalised regions

This means...

- People and businesses thrive, irrespective of where they live or work
- Regions are connected with modern and resilient infrastructure
- Backing place-based comparative advantages and innovation strengths



Enable a step
change for Māori
and Pacific
economies

This means...

- Higher economic, social, environmental and cultural wellbeing
- As partners, the Crown and Māori have strong, ongoing and effective relationships
- Success in business, education, employment, regions and land use



Sustainable and
affordable energy
systems

This means...

- Businesses and households can access affordable, clean energy to achieve our economic potential
- Establishing New Zealand's foothold in high-value clean energy systems and exporting our know-how to the world
- Meeting New Zealand's climate change targets by driving emissions reductions



Land and resource
use delivers greater
value and improves
environmental
outcomes

This means...

- Shifting land use to its highest value while maintaining and improving our environment
- Redesigning our activities to minimise waste
- Transitioning to a low emissions economy

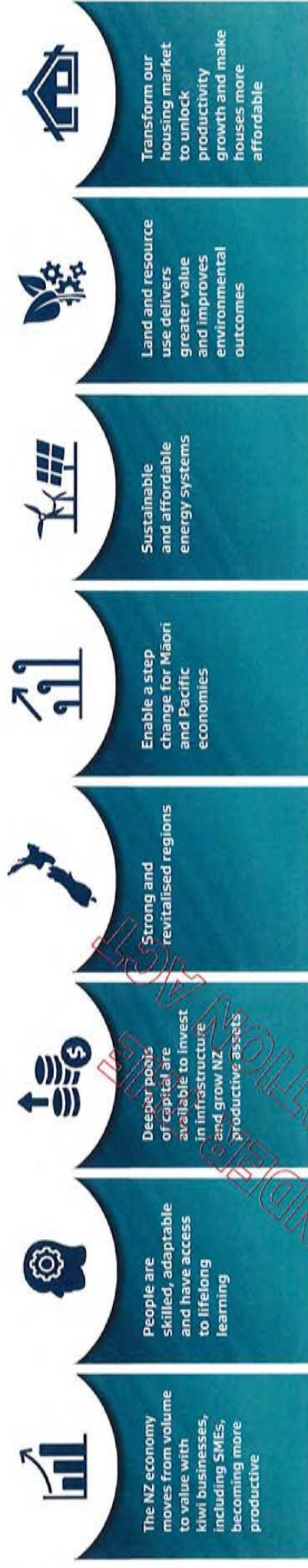


Transform our
housing market to
unlock productivity
growth and make
houses more
affordable

This means...

- Overcoming the shortage of housing and redirecting capital investment towards more productive areas of our economy
- Current and future generations can access affordable housing in the places they desire close to the best jobs for them
- A productive building and construction sector producing safe, healthy and durable homes and buildings

Initiatives to shift our economy



Examples of contributing initiatives

- > Industry Transformation Plans
- > Research, Science and Innovation Strategy
- > R&D Tax Incentive and broader tax treatment of innovation
- > Callaghan Innovation services and grants
- > Trade for All agenda
- > Trade negotiations agenda
- > Small Business Strategy
- > Future of Work Tripartite Forum
- > NZTE F700 programme
- > Reforming government procurement
- > Small business tax simplification
- > Reform of Vocational Education
- > Tomorrow's Schools review
- > Mana in Māori and He Poutama Rangatahi
- > Changes to temporary work visas
- > Employment Strategy and Action Plan
- > Just Transitions programme
- > Strengthening NCEA
- > Welfare overhaul and active labour market policies
- > School Leavers' Toolkit and Career System Strategy
- > Establishing regional skills leadership groups
- > Strengthening labour relations and lifting minimum standards
- > Investment in early stage capital markets
- > Infrastructure Commission
- > Green Investment Fund
- > Urban Growth Agenda: funding and financing options
- > Auckland City Rail Link
- > Government Policy Statement on Land Transport
- > Local Government funding and financing
- > Provincial Growth Fund investments
- > One Billion Trees programme
- > KiwiRail and Interislander investments
- > Accelerated rural broadband and 5G rollout
- > Three Waters review
- > Local Government funding review
- > Upper North Island Supply Chain Strategy
- > Just Transitions programme
- > Biosecurity Act overhaul
- > Eradicating Mycoplasma bovis
- > Te Arawhiti – Office for Māori Crown Relations
- > Whenua Māori programme
- > He Kai Kei Aku Ringa – the Crown-Māori economic development strategy
- > Pacific Business Trust
- > He Tupu Ōhanga commercial advisors scheme and Kōkiri Māori business accelerator
- > NZTE Māori Export Programme
- > Māori Development and Māori Agribusiness funds
- > Tupu Aotearoa and Tupu Tai Internship programmes
- > Renewable Energy Strategy
- > Electricity Price Review
- > Low Emission Vehicles Contestable Fund
- > National New Energy Development Centre
- > Winter energy payment
- > Emissions Trading Scheme reform
- > Zero Carbon Bill and Climate Change Commission
- > Essential freshwater: healthy water, fairly allocated
- > Productive and Sustainable Land Use Package
- > Waste and resource efficiency work programme
- > Biodiversity Strategy
- > Crown Minerals Act reform
- > Urban Growth Agenda
- > KiwiBuild
- > Building system legislative reform
- > Residential Tenancies Act reforms
- > Healthy Homes Act
- > Resource Management Act reform
- > Warmer Kiwi Homes investment programme
- > Kāinga Ora
- > Construction Sector Accord
- > Improving tax settings for land use

Draft Economic Plan - Version 4

Foreword: Positioning New Zealand for the future

This Government has an ambitious goal of improving the wellbeing of all New Zealanders.

We aspire to be a country that values productivity and ensures people, young and old, are skilled and adaptable. A country where business, workers and Government work together to foster innovation and encourage transformational growth.

New Zealand has strong foundations for future generations to build on. Our enviable economy has roots in agriculture, horticulture, forestry and tourism, and we proudly share the products of those sectors with the world. While these sectors will continue to serve us well, we're facing challenging times and need to build our resilience. We need to widen our focus and prepare ourselves for the impacts of climate change; international pressures and headwinds; the changing face of New Zealand's population; technological advancements and new ways of working; and the digital revolution sparking innovation at a rate not previously seen.

New Zealanders value the wellbeing of our people and the health of our environment, inclusivity and fairness. This means that what we do and how we do it matters. In other words, the type of growth matters.

We want all New Zealanders to reach their full potential. And we're making decisions to protect our unique environment for generations to come, and be world leaders on environmental issues and climate change.

We have a unique opportunity to build on our strengths and boldly reshape our economy. This Economic Plan builds on our strong foundations and sets out a clear path to achieve a more productive, sustainable and inclusive New Zealand. It identifies eight key shifts that we believe are required to transform our economy and enable us to seize the local and international opportunities presented by rapid change.

The shifts we're tackling will not take place overnight, and the future is highly uncertain. However, we can be more deliberate about ensuring people and businesses have the opportunities they need to adapt to new working environments and respond confidently and rapidly to change.

We can't do this on our own. It's essential we partner with business, communities, sectors and iwi on what has been seen as too hard for too long. By working together, we can build an economy that delivers for all New Zealanders.

Success is making New Zealand a great place to make a living and a great place to make a life. Now, and for future generations.

Economic Plan

OUR VISION

TO BUILD A PRODUCTIVE, SUSTAINABLE AND INCLUSIVE ECONOMY
TO IMPROVE THE LIVING STANDARDS AND WELLBEING OF ALL NEW ZEALANDERS

Grow and share NZ's
prosperity

Support thriving and
sustainable regions

Transition to a clean, green
and carbon neutral NZ

Deliver responsible governance
with a broader measure
of success

THE KEY ECONOMIC SHIFTS WE NEED TO ACHIEVE OUR VISION ARE...



The NZ economy
moves from volume
to value with kiwi
businesses, including
SMEs, becoming
more productive

This means...

- Building on our existing strengths and international connections to leverage new opportunities in domestic and international markets
- Investing in new technology and being at the forefront of digital innovation
- Thriving and dynamic small, medium and large enterprises



People are skilled,
adaptable and
have access to
lifelong learning

This means...

- Businesses can access the skills and labour when and where they need it
- People continually updating the skills they need for success in the future of work
- Productive and fair employment



Deeper pools
of capital are
available to invest
in infrastructure
and grow NZ
productive assets

This means...

- Kiwis have confidence to invest in innovative NZ firms
- Regions and businesses have access to the world's knowledge and innovation through stronger international connections
- NZ businesses have timely access capital to innovate and grow



Strong and
revitalised regions

This means...

- People and businesses thrive, irrespective of where they live or work
- Regions are connected and equipped with modern and resilient infrastructure
- Backing place-based comparative advantages and innovation strengths



Enable a step
change for Māori
and Pacific
economies

This means...

- Higher economic, social, environmental and cultural wellbeing
- As partners, the Crown and Māori have strong, ongoing and effective relationships
- Success in business, education, employment, regions and land use



Sustainable and
affordable energy
systems

This means...

- Businesses and households can access affordable, clean energy to achieve our economic potential
- Establishing New Zealand's footprint in high-value clean energy systems and exporting our know-how to the world
- Meeting New Zealand's climate change targets by driving emissions reductions



Land and resource
use delivers greater
value and improves
environmental
outcomes

This means...

- Shifting land use to its highest value while maintaining and improving our environment
- Redesigning our activities to minimise waste
- Transitioning to a low emissions economy

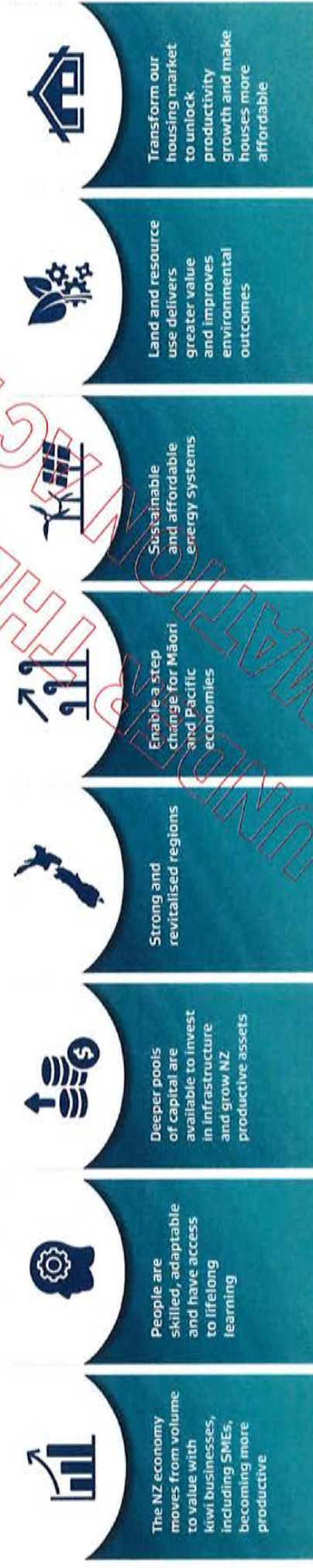


Transform our
housing market to
unlock productivity
growth and make
houses more
affordable

This means...

- Overcoming the shortage of housing and redirecting capital and investment towards more productive areas of our economy
- Current and future generations can access affordable housing in the places they desire close to the best jobs for them
- A productive building and construction sector producing safe, healthy and durable homes and buildings

Initiatives to shift our economy



Examples of contributing initiatives

- › Industry Transformation Plans
- › Research, Science and Innovation Strategy
- › R&D Tax Incentive and broader tax treatment of innovation
- › Callaghan Innovation services and grants
- › Trade for All agenda
- › Trade negotiations agenda
- › Small Business Strategy
- › Future of Work Tripartite Forum
- › NZTE F700 programme
- › Reforming government procurement
- › Small business tax simplification
- › Reform of Vocational Education
- › Tomorrow's Schools review
- › Mana in Mahi and He Poutama Rangatahi
- › Changes to temporary work visas
- › Employment Strategy and Action Plan
- › Just Transitions programme
- › Strengthening NCEA
- › Welfare overhaul and active labour market policies
- › School Leavers' Toolkit and Career System Strategy
- › Establishing regional skills leadership groups
- › Strengthening labour relations and lifting minimum standards
- › Investment in early stage capital markets
- › Infrastructure Commission
- › Green Investment Fund
- › Urban Growth Agenda funding and financing options
- › Auckland City Rail Link
- › Government Policy Statement on Land Transport
- › Local Government funding and financing
- › Reform of Vocational Education
- › Tomorrow's Schools review
- › Mana in Mahi and He Poutama Rangatahi
- › Changes to temporary work visas
- › Employment Strategy and Action Plan
- › Just Transitions programme
- › Strengthening NCEA
- › Welfare overhaul and active labour market policies
- › School Leavers' Toolkit and Career System Strategy
- › Establishing regional skills leadership groups
- › Strengthening labour relations and lifting minimum standards
- › Provincial Growth Fund investments
- › One Billion Trees programme
- › KiwiRail and Interislander investments
- › Accelerated rural broadband and 5G rollout
- › Three Waters review
- › Local Government funding review
- › Upper North Island Supply Chain Strategy
- › Just Transitions programme
- › Biosecurity Act overhaul
- › Eradicating Mycoplasma bovis
- › Te Arawhiti - Office for Māori Crown Relations
- › Whenua Māori programme
- › He Kai Kei Aku Ringa - the Crown-Māori economic development strategy
- › Pacific Business Trust
- › He Tupu Ōhanga commercial advisors scheme and Kōkiri Māori business accelerator
- › NZTE Māori Export Programme
- › Māori Development and Māori Agribusiness funds
- › Tupu Aotearoa and Tupu Tai Internship programmes
- › Renewable Energy Strategy
- › Electricity Price Review
- › Low Emission Vehicles Contestable Fund
- › National New Energy Development Centre
- › Winter energy payment
- › Emissions Trading Scheme reform
- › Zero Carbon Bill and Climate Change Commission
- › Essential freshwater: healthy water, fairly allocated
- › Productive and Sustainable Land Use Package
- › Waste and resource efficiency work programme
- › Biodiversity Strategy
- › Crown Minerals Act reform
- › Urban Growth Agenda
- › KiwiBuild
- › Building system legislative reform
- › Residential Tenancies Act reforms
- › Healthy Homes Act
- › Resource Management Act reform
- › Warmer Kiwi Homes investment
- › Kāinga Ora
- › Construction Sector Accord
- › Improving tax settings for land use

Our vision – wellbeing for all New Zealanders now and in the future

New Zealand might be a small country located deep in the South Pacific but we've got an advanced economy and we are a progressive and innovative people – a nation of innovators who embrace new challenges and deliver new solutions to the world.

New Zealanders care about the wellbeing of our people and the health of our environment – we see ourselves as kaitiaki (guardians) of our land. That is why we are putting the health and wellbeing of our people and environment at the heart of our how we manage the economy and measure success.

Wellbeing is when people are able to lead fulfilling lives with purpose, balance and meaning to them. Ensuring more New Zealanders enjoy good wellbeing requires tackling the long-term challenges we face as a country, improving the state of our environment, the strength of our communities and the performance of our economy.

We have set four priorities to help us deliver a more productive, sustainable and inclusive economy

We want to grow and share New Zealand's prosperity more fairly.

New Zealand is recognised as being one of the best places in the world to live. Wellbeing is high for New Zealanders overall, but the benefits of economic growth have been unevenly distributed.

Significant disparities exist with some parts of our society and regions faring worse on a number of wellbeing indicators including unemployment, income, health and educational attainment.

We want all New Zealanders to have equal opportunities to participate in an economy that is strongly connected to the world. And for all New Zealanders to share in the rewards and benefits of economic growth.

The best way we can raise the living standards of all New Zealanders in the long run is to work smarter not harder. We need to make sure we're identifying the new skills our current workforce needs as well as our future requirements. But this growth needs to be inclusive and sustainable, showing care for people and the environment.

We want to transition to a clean, green, carbon-neutral New Zealand.

Our land, forests, waterways and oceans are the foundation of our economy and hold a special place in the hearts and minds of New Zealanders. They are critical for both current and future wellbeing.

Our focus is on how we support our people, places and businesses to use resources more sustainably through the smart use of technology, education, regulation and investment.

This means we must change how we live, work, do business and play. Progressively reversing existing environmental damage and protecting nature for ourselves and for future generations. This Government is committed to making a just transition to a low-emissions economy, to lead by example and minimise New Zealand's contribution to climate change.

We want to support thriving and sustainable regions.

Regions are home for many New Zealanders, and they are where some of our major industries are located. We want people to prosper and have opportunities no matter where they live.

When people and businesses do well, their town or region does well. We're unlocking the potential of our regions to create an environment where they thrive as much as our big cities. We're achieving this through investing in resilient and sustainable infrastructure that enables our regions and supports a modern economy across New Zealand.

We want to deliver responsible government with a broader measure of success

As a country, we cannot achieve these goals and aspirations by continuing with the status quo. We need to do things differently, and measure our success in different ways. We know that what gets measured gets managed so over the past two years we've announced ambitious targets to ensure we are headed in the right direction and putting wellbeing at the heart of what we do.

We need to set ourselves long-term and ambitious goals to transition our economy to one that is productive, sustainable and inclusive. This strategy is a strong step to get us there.

We know that technology and sustainability changes will impact New Zealanders and their lives. We want business and communities to be confident as the economy changes, able to make the most of opportunities as they arise and feel supported when hard times occur.

Our Budget responsibility rules ensure we are in a strong position to respond to shorter-term economic cycles. Of particular note is our commitment to maintaining sustainable operating surpluses; ensuring prudent net core-crown debt (15% - 25% of GDP from 2022), and keeping government spending around the historical average of approximately 30% of GDP.

We're committed to being financially disciplined and building a resilient economy for future generations.

Key economic shifts

New Zealanders value the wellbeing of our people and health of our environment, inclusivity and fairness. They want an economy in which economic growth genuinely improves the lives of us all.

Our economy needs to be productive, sustainable and inclusive. Our eight economic shifts identify some of the most important changes we need to make to prepare our economy for the big changes coming our way and address our most pressing economic, social and environmental challenges as a country.

If we achieve these shifts, we'll go a long way towards making New Zealand a great place to make a living and a great place to make a life. These shifts do not capture our entire work programme as a Government and there are complex relationships between each of the shifts and the initiatives that sit within them.

1. The NZ economy moves from volume to value with Kiwi businesses, including SMEs, becoming more productive

New Zealand is renowned for our innovative and adaptable culture and our connectedness around the world. And our economy depends on cultivating this and encouraging Kiwi businesses to move from volume to value. This shift will see businesses innovate and compete more effectively as we face challenges such as new technology and climate change.

Our productivity challenge is complex and long-standing. We're encouraging innovative businesses and industries to take advantage of new technology and global markets and develop higher value products and services. Our aim is to lift R&D spending to 2% of GDP by 2027. Innovation is at the heart of productivity growth and we want to ensure New Zealand businesses have access to R&D that underpins better products and ways of doing things.

Examples of key initiatives:

- **Industry Transformation Plans** – adding value to key sectors of our economy and leveraging new opportunities.
- **R&D Tax Incentive** and our Research, Science and Innovation Strategy – ensuring business access and build knowledge and innovation.
- **Trade for All** agenda – supporting New Zealand businesses make the most of international connections, and we grow the value and reach of our exports.
- **Small Business Strategy** (forthcoming) – empowering small businesses to thrive.

CASE STUDY:

PLACE HOLDER

2. People are skilled, adaptable and have access to lifelong learning

New Zealanders are a smart and ingenious people and we are highly skilled and qualified compared to many countries. However, there remains room for improvement to ensure both businesses and workers benefit from investment in skills, both now and in the future.

Some regions and sectors find it hard to get enough workers with the right skills, and others consistently fare poorly in traditional labour market measures. We're partnering with regions to address skill and workforce needs. We're reforming our education and vocational education system and introducing new initiatives to get people into work. We're targeting our immigration processes to provide the workers and skills we need and working with businesses to reduce our reliance on low skilled migrants.

Automation and technology present new opportunities and new challenges for both businesses and workers. Change can be disruptive and we're facing this head on by working with businesses and unions to understand the future of work so that New Zealanders, young and old, can maintain, upgrade and adjust their skills over their working life.

We're working towards an education system that equips people with the desire and flexibility to keep learning. This is fundamental to our ability to adapt successfully to all the changes that are occurring.

New Zealanders want an education system that supports our learners to succeed in the workplace. We're working to ensure that all adults have access to high quality and affordable education and can engage in accessible learning throughout their working lives, meeting the changing skill needs of our economy as it evolves and helping us keep unemployment below 4%.

New Zealanders work hard and expect to be treated well and fairly. That is why we are working to ensure we have a productive and fair employment relations system that supports businesses, protects vulnerable workers and delivers fairness, safety and wellbeing at work.

Examples of key initiatives:

- **Reform of vocational education** – creating a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive.
 - **Active labour market programmes** – such as **Mana in Mahi** (Strength in Work) - supporting people to find and stay in work.
 - **Changes to temporary work visas** – incentivising and supporting business to employ more New Zealanders, and ensuring that access to migrant labour is available where there is genuine need.
- First year fees free** – making the first year of study at a tertiary education free. New apprentices can get their first two years of training fees-free.

s9(2)(g)(i)

s9(2)(g)(i)

3. Deeper pools of capital are available to invest in infrastructure and grow New Zealand's productive assets

Smart investment, from infrastructure to innovative firms, supports a modern, resilient and connected economy.

New Zealanders are proud when our businesses succeed. Yet we know that New Zealand businesses of all sizes, particularly young firms and start-ups, face capital constraints and struggle to grow beyond their early stages. We also know this is often because they can't access funding.

Access to capital is the key to this. We're taking action to encourage investment that enables companies and assets achieve their potential. We're introducing reforms that give people the confidence to invest in New Zealand's home-grown talent and vision.

We want to build New Zealand ownership of assets, with both the Government and individual New Zealanders investing more in onshore infrastructure and firms.

We recognise that for New Zealand businesses to succeed in a global marketplace, we need to keep ahead of the latest technology and market developments. This enables our regions and businesses to connect internationally, access new markets and adopt global best practice, new technology and innovations.

Examples of key initiatives:

- **Funding for early stage businesses** – introducing an early-stage capital fund to partner with private venture capital funds to invest in high-value innovative firms and start-ups so they can grow and scale in New Zealand.
- **Infrastructure Commission** – ensuring New Zealand gets quality infrastructure investment to improve our long-term economic performance and social wellbeing.
- **Green Investment Fund** – catalysing a private green investment market in New Zealand.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

s9(2)(g)(i)

4. Strong and revitalised regional economies

Provincial New Zealand is the heartland of Aotearoa, and home to some of our most creative and innovative people. Much of New Zealand's economy rests on the successes of the regions.

New Zealand's regions have their own unique strengths and advantages, and face different challenges and opportunities. Some regions of New Zealand are thriving, whereas others consistently experience lower economic and social outcomes. They may face higher unemployment and lower productivity, or lack of investment in infrastructure and other critical things they need to boost their economy.

We want to address this. We're committed to fairly sharing the benefits of a strong economy so that people and businesses in our regions thrive.

We're investing to support regional businesses to grow, and building the infrastructure regions need to participate in a modern economy, such as rail, road, ports and communications.



No matter where they live and what their background is, every New Zealander can participate in and benefit from an economy that is sustainable, inclusive and productive.

Examples of key initiatives:

- **Provincial Growth Fund** - ensuring people and businesses all over New Zealand have the resources they need to reach their potential.
- **Enabling infrastructure** - building infrastructure, such as rural broadband and KiwiRail, that regions need to participate in a modern economy
- **One Billion Trees** - working with our regions and partners to support planting of one billion trees by 2028.

s9(2)(g)(i)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

5. Enable a step-change for the Māori and Pacific New Zealand economies

We recognise that whanau-led initiatives hold the key to bringing about a step-change in the Māori economy. Our Government is committed to supporting whānau, hapū and iwi to achieve their economic, social, environmental and cultural wellbeing goals.

We'll do this by ensuring we have strong partnerships with Māori, and cross-agency collaboration to support the outcomes in *He kai kei aku ringa*. We're focusing on improving employment and developing a highly skilled Māori workforce. We're investing in our rangatahi and in programmes that have a greater community focus. We want to grow Māori enterprises, support digital innovation and connectedness, and provide better opportunities to access Government procurement.

We want to help Māori achieve their whenua Māori aspirations, which is why helping Māori access the capital and expertise they need is a focus. Through Te Puni Kokiri and Te Arawhiti, we're building the Crown's capability and capacity to partner effectively with Māori and make us accessible throughout the regions.

Government is working to provide opportunities for Māori and Pacific businesses to access contracts from the \$41 billion spent in Government procurement.

Enabling a step-change in the Pacific New Zealand economy

We're committed to helping our Pacific peoples to build on their cultural and economic strengths. Pacific people bring an international connectivity, spirit of innovation, and broad-natured perspective of value that the government wants to support and grow.

We want Pacific people to grow their prosperity, wellbeing and living standards. We're supporting Pacific enterprises to thrive and make the best use of the unique entrepreneurial and innovative potential of Pacific peoples in our economy.

By enhancing Pacific peoples' participation as business owners, employees and trainees across all career stages we can lift wellbeing and support Pacific New Zealand to thrive. Now and in the future.

Examples of key initiatives:

- **Te Arawhiti** – Office for Māori Crown Relations - fostering strong, ongoing and effective relationships with Māori across Government.
- **Whenua Māori** (Māori land) – enabling Māori to realise the value of whenua.
- **He Kai Kei Aku Ringa** - working in partnership with the Māori Economic Development Advisory Board to deliver the Māori economic development strategy.
- **Pacific Business Trust** - supporting and growing Pacific enterprises

s9(2)(g)(i)

6. Sustainable and affordable energy system

Energy powers our economy – it drives our transport systems, fuels our jobs and enables our businesses to produce and deliver a huge variety of goods and services.

New Zealanders are leading the world in clean energy, with 82% our electricity coming from renewable sources. But this isn't enough. We're challenging ourselves to reduce our reliance on fossil fuels across several industries.

As we make more use of technology and automation, supporting businesses access low cost and clean energy is critical to our economic success. We've made a start, but we can't sit still. We have to develop our own sustainable energy technologies, continue to innovate, and explore ways to make efficient use of our energy resources. We also need to back our businesses establishing footholds in fast-growing global "clean energy" industries and capitalise on our research lead in energy generation and utilisation.

New Zealanders rely on energy to heat and power our homes and fuel our cars and buses. We're conscious of the harm our energy use is doing to our environment and the impact on global warming. That's why we're focussing on shifting to a more environmentally sustainable energy system in a way that is affordable for us all.. All of this is critical to getting to net-zero CO2 and lifting renewable electricity generation to 100% within a normal hydrological year by 2035.

Young New Zealanders have been out on the streets in record numbers protesting lack of action on climate change and our Prime Minister has said that tackling climate change is New Zealand's nuclear free moment. We're showing global leadership by taking decisive action on climate change while creating jobs, and reducing emissions while ensuring energy is affordable.

Examples of key initiatives:

- **Renewable Energy Strategy** – outlining actions to achieve an affordable, secure and sustainable energy system.
- **Electricity pricing** – responding to the Electricity Price Review [Forthcoming]

- **Transport electrification and low emissions policies**
- **National New Energy Development Centre** – supporting the development, demonstration, uptake and use of new energy technologies

s9(2)(g)(i)

7. Land and resource use deliver greater value and improve environmental outcomes

Kaitiakitanga, ingenuity and integrity define who we are as New Zealanders - we care about everything we do and everything we create. We're constantly looking for smarter ways to do things and we take pride in our high labour and animal welfare standards and clean environment. The wellbeing of our people and the health of our environment are directly impacted by how we use our land and resources.

We're working to support businesses to use our land and resources in a way that is good for our environment, good for our businesses, good for our workers and good for our future.

We understand that businesses don't need more red tape and empty words. We also understand that New Zealand is a pioneer and innovator in food and beverage and agritech. That is why we are partnering to increase the uptake of technology and practices that boost productivity and reduce emissions and pollution. This is critical to meeting our target of net-zero CO₂ and a 24 – 47% reduction in biological methane emissions by 2050.

New Zealand food and beverage sector have told us that consumer tastes are changing - consumers are demanding food produced with integrity. We're backing our primary sector to lead the world in providing innovative, high-value products with solid environmental credential. We're investing the hard yards now to earn our brand as a clean, green country with integrity. To ensure our primary industries contribute to our economy for the long term.

Like most of the developed world, our economy produces a lot of waste – some of which can be bad for business and bad for the environment. We need to focus on sustainable materials and processes and redesign our activities to produce less waste. This won't happen overnight – but with government support for innovation, smart regulation, and ongoing dialogue, these changes can be effective and enduring, and result in career opportunities and job roles that don't exist today.

Examples of key initiatives:

- **Changes to the Emissions Trading Scheme and Zero Carbon Bill** - ambitious reforms to transition to a low emissions economy.
- **Improving our Resource Management** – making the RMA easier for New Zealanders to understand and engage with.
- **Urban Growth Agenda** – removing barriers to land supply and infrastructure and supporting productive and sustainable land use in urban areas.
- **Essential freshwater reforms and sustainable land use package** - improving the health of our waterways and wetlands and providing support for farmers and growers to use their land more sustainably.
- **Waste and resource efficiency work programme** – supporting New Zealand's transition to a circular economy.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

s9(2)(g)(i)

8. Transform our housing market to unlock productivity growth and make houses more affordable

A safe, warm, dry home or whare is important for New Zealanders – whether owning or renting. Where we live, our turangawaewae, is central to wellbeing – we want New Zealanders to have choice in where they live, learn and work, and make it easier for workers to live close to the best jobs for them.

Our housing and urban development system has been under pressure for some time now. We are focused on addressing dysfunction and getting more houses built that are affordable for New Zealanders to rent or own. We want to reduce the debt and rental burden on our businesses and households from high house prices and rents. Our people should not be stressed about housing affordability or insecure tenure, nor should their health be affected by unsafe homes.

We know that New Zealand's high house prices have diverted capital into the housing market and away from more productive uses. We need this capital to helping businesses to innovate, invest in new technology and pursue growth opportunities. High housing costs can also make it difficult for businesses and people to move to areas where there are better opportunities.

We're focused on increasing our housing supply to better meet demand and tackling long-standing failures at every point in the system. We are working to improve land supply; cut unnecessary red tape; and direct overseas housing investment into productive uses. Our rental focus will ensure renters have more secure, healthy and affordable homes. Our work with the construction sector supports smart developments, lower construction costs and more safe, healthy and durable homes. We are planning for future growth with local government and investing in infrastructure.

Examples of key initiatives:

- **Urban Growth Agenda** – working to get our urban markets working so they can respond to growth, improve urban land affordability, and support thriving communities.
- **Kiwibuild** - Reset of KiwiBuild [to come]
- **Reforming our building system** – establishing a productive building and construction sector that produce safe, durable homes and buildings.

s9(2)(g)(i)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Redefining how we measure success to focus on what matters for New Zealanders

New Zealanders want us to measure success in line with their values – the wellbeing of our people, the health of environment and the strength of our economy.

We recognise that in the past whilst we saw improvements in standard measures of economic success – such as our GDP growth – for many New Zealanders, this did not translate into higher living standards or better opportunities. We need to ensure long-term economic success in an inclusive, not exclusive way.

That's why we've built a comprehensive suite of economic social, cultural and environmental indicators to measure how well our economy is performing. These will help us monitor the wellbeing of the current generation, what we're leaving behind for future generations and how our actions are having impact over the medium term.

There's no single way to capture the complexity of the economy, but by widening our focus we can get important feedback about progress on our key economic shifts, and understand more about the impact we're having for New Zealanders.

We've made a start with StatsNZ's Indicators Aotearoa New Zealand and the Treasury's Living Standards Framework Dashboard and we'll keep building on this work to ensure that it reflects New Zealanders' values and focusses our attention on what matters.

We will report on how well the economy is performing for New Zealand using both traditional economic indicators and wellbeing indicators each year, through the Budget Policy Statement and the Wellbeing Outlook in the Budget. These documents will provide an overview of what the indicators are telling us about the strengths and weaknesses of the economy.

You can find more about the Living Standards Framework Dashboard and StatsNZ's Indicators Aotearoa New Zealand at treasury.govt.nz/information-and-services/nz-economy/living-standards and <https://wellbeingindicators.stats.govt.nz>.

Annex: How wellbeing indicators align to key economic shifts

Key economic shifts	Alignment with <u>relevant</u> LSF Dashboard and currently available measures in Indicators Aotearoa	Source and update frequency
The NZ economy moves from volume to value with kiwi businesses, including SMEs, becoming more productive	Current wellbeing <ol style="list-style-type: none"> 1. Disposable income 2. Consumption Future wellbeing <ol style="list-style-type: none"> 3. Multifactor productivity growth 	<ol style="list-style-type: none"> 1. MSD, Household incomes in NZ (Annual) 2. Treasury analysis of Household economic survey (four yearly) 3. Stats NZ, Productivity Statistics (Annual)
Land and resource use delivers greater value and improves environmental outcomes	Current wellbeing <ol style="list-style-type: none"> 1. Water quality (swimmability) 2. Perceived environmental quality Future wellbeing <ol style="list-style-type: none"> 3. Climate regulation 4. Sustainable food production 5. Biodiversity and genetic resources (Number of threatened species likely to benefit from ecosystem management in at least one site) 6. Kg of waste per capita 	<ol style="list-style-type: none"> 1. MFE, Swimmability data (unclear frequency) 2. Lincoln University data (unclear frequency) 3. MFE, Greenhouse gas inventory (Annual) 4. Stats NZ and MfE, Average soil testing results (unclear frequency) 5. Department of Conservation, (Annual) 6. MFE, Review of the Waste disposal levy (unclear frequency)
Sustainable and affordable energy system	There is currently no directly relevant LSF indicator.	This shift will impact wellbeing over the medium-term (approx. 10 – 20 years), and impacts will be felt across a wide range of indicators.
People are skilled, adaptable and have access to lifelong learning	Current wellbeing <ol style="list-style-type: none"> 1. Unemployment rate 2. Employment rate 3. Hourly earnings 4. Educational attainment (tertiary) 5. Educational attainment (upper secondary) 6. Cognitive skills at age 15 	<ol style="list-style-type: none"> 1. Stats NZ, HLFS, (Quarterly) 2. Stats NZ, HLFS (Quarterly) 3. Stats NZ, HLFS and Labour cost index (Quarterly) 4. Stats NZ, HLFS and MSD data (Annual) 5. Stats NZ, HLFS and MSD data (Annual) 6. OECD, Programme for International Student Assessment survey (Three yearly) 7. Stats NZ, HLFS and MSD data (Annual) 8. Stats NZ, HLFS and MSD data (Annual)

	Future wellbeing 7. Educational attainment (tertiary) 8. Educational attainment (upper secondary) 9. Cognitive skills at age 15 10. Expected educational attainment	9. OECD, Programme for International Student Assessment survey (Three yearly) 10. OECD, How's Life, (Approx. every two years)
Deeper pools of capital are available to invest in infrastructure and grow New Zealand's productive assets	Future wellbeing 1. Total net fixed assets 2. Net intangible fixed assets 3. Household net worth 4. Multifactor productivity growth 5. Net international investment position 6. Total Crown net worth 7. <i>Foreign Direct Investment</i>	1. Treasury analysis of National Accounts - Capital Stock tables (Annual) 2. Treasury analysis of National Accounts - Capital Stock tables (Annual) 3. OECD, How's Life, (Approx. every two years) 4. Stats NZ, Productivity Statistics (Annual) 5. Stats NZ, Balance of Payments (Annual) 6. Treasury, Fiscal Time Series – Horizontal indicators (Annual) 7. <i>IANZ only – Stats NZ, Balance of Payments (Annual)</i>
Enable a step change in Māori and Pacific economies	Current wellbeing Periodic wellbeing analysis of Māori as a demographic group	Stats NZ, General Social Survey (every two years)
Transform our housing market to ensure everyone has a warm, dry home	Current wellbeing 1. Household crowding 2. Housing cost 3. Housing quality	1. Census data (Five yearly) 2. MSD, Household incomes in NZ (Annual) 3. Stats NZ, General Social Survey (two yearly)
Strong and revitalised regions	Current wellbeing 1. Periodic wellbeing analyses of regions 2. Regional GDP statistics are available from Stats NZ.	1. Stats NZ, General Social Survey (every two years).

In Confidence

Office of the Minister of Finance

Office of the Minister for Economic Development

Chair, Cabinet Economic Development Committee

Launching the refreshed economic strategy: the Economic Plan

Proposal

1. This paper seeks agreement to the refreshed economic strategy (the *Economic Plan*), and seeks agreement to launch the strategy in September 2019.

Background

2. In 2018 we confirmed our economic vision is to improve the wellbeing and living standards of New Zealanders by building a productive, sustainable and inclusive economy [CAB-18-MIN-0111; DEV-18-0222].
3. This reflects our commitment to putting the wellbeing of our people and the health of our environment at the centre of our thinking so that all New Zealanders benefit from growth, now and in future generations.
4. In 2018 we also launched the Business Partnership Agenda to set out the ways the Government was working with businesses to grow and improve the economy at the time.

The need for a refreshed economic strategy

5. While the domestic economy is currently performing well, it is facing increasing uncertainty from international headwinds, and businesses are signalling that they want greater visibility of the Government's economic policy agenda. We have heard the need for greater detail about how we will transition to a productive, sustainable and inclusive economy, over the next thirty years.
6. We have also achieved some major milestones as a Government including launching the first Wellbeing Budget, introducing the Zero Carbon Bill, and holding the first Just Transition Summit in Taranaki.
7. Now is the time to build upon, consolidate, and communicate the work we have done and our vision for the future, by launching our refreshed economic strategy, the *Economic Plan*.

The Economic Plan

8. The *Economic Plan* (annexed) describes the Government's medium to long-term vision for the economy. It articulates the long-term economic challenges that we are focused on and how New Zealand's economy will need to change to address those challenges.
9. It first reaffirms and articulates our vision for a productive, sustainable and inclusive economy [DEV-MIN-0222] including how it supports our overarching priorities (as agreed by the Cabinet Priorities Committee).
10. Our strategy will be important for delivering a number of CPC priority outcomes, and focusses particularly on supporting four outcomes:
 - 10.1. Grow and share New Zealand's prosperity
 - 10.2. Support thriving sustainable regions
 - 10.3. Transition to a clean, green and carbon neutral New Zealand
 - 10.4. Deliver responsible governance with a broader measure of success
11. The *Economic Plan* sets out eight key economic shifts which the Government will aim to drive forward. These key shifts are the necessary changes needed to achieve our economic vision. They reflect the Government's strategic goals for the economy and are the product of consultation and discussions at DEV over the last few months.
12. The key economic shifts are:
 - 12.1. The New Zealand economy moves from volume to value with kiwi businesses, including SMEs, becoming more productive;
 - 12.2. People are skilled, adaptable and have access to affordable lifelong learning;
 - 12.3. Deeper pools of capital are available to invest in infrastructure and grow NZ productive assets;
 - 12.4. Strong and revitalised regions;
 - 12.5. Enable a step change for Māori and Pacific economies;
 - 12.6. Sustainable and affordable energy systems;
 - 12.7. Land and resource use delivers greater value and improves environmental outcomes; and
 - 12.8. Transform our housing market to unlock productivity growth and make houses more affordable.
13. The *Economic Plan* sets out the work already underway to drive each of these key economic shifts in the form of key initiatives presented under each shift. We acknowledge that these initiatives are the starting point for advancing the key

economic shifts and that further work will be needed. There are also critical connections across the shifts. Some initiatives will enable to multiple shifts, such as establishing the Infrastructure Commission, introducing the Zero Carbon Bill or reforming the Resource Management Act.

14. As our work programmes evolve and new initiatives are developed we will need to consider how they align to support key shifts within the *Economic Plan*.
15. Lastly, the *Economic Plan* explains how our wellbeing approach to policy will be used to measure success. The Minister of Finance intends to report on the state of the economy using both traditional economic measures and wellbeing indicators each year through the Budget's Wellbeing Outlook. This reflects our focus on measuring economic performance in terms of environmental and social outcomes for New Zealanders, not just outputs.

Aligning our policies and efforts across the key economic shifts

16. Achieving the key economic shifts will take time, and will require us to work closely and collaboratively.
17. As our work programmes advance in each of our portfolios and we develop further policies to deliver these shifts, Ministers should be aware of how their portfolio's policies will have implications for achieving other shifts. Where tensions and trade-offs arise, we (and our agencies) will need to continue working collaboratively to advance the *Economic Plan*. This extends the work we did in Budget 2019 to enhance collaboration across the public sector.
18. The forum currently available for discussing and addressing these trade-offs is the DEV Strategic Subcommittee, but we will continue to work on deepening cross-portfolio collaboration. We propose reporting back to Cabinet with further proposals on how to govern and implement the economic strategy.

Consultation

19. The Treasury and Ministry for Business, Innovation and Employment have prepared this Cabinet paper in consultation with the Ministry for the Environment, Ministry For Primary Industries, Ministry of Foreign Affairs and Trade, Ministry of Transport, Ministry of Housing and Urban Development, Inland Revenue, Department of Conservation, Te Puni Kokiri, Ministry of Education, Department of Internal Affairs, Callaghan Innovation and New Zealand Trade and Enterprise.
20. The Department of Prime Minister and Cabinet has been informed.
21. The Future of Work Forum, the Prime Ministers Business Advisory Council, and the Māori Economic Development Board were consulted in the development of the *Economic Plan*.

Financial Implications

22. There are no financial implications.

Legislative Implications

23. There are no legislative implications.

Impact Analysis

24. A regulatory impact analysis is not required.

Human Rights

25. The Government's economic strategy is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Gender Implications

26. The Government's economic strategy aims to create a productive, sustainable and inclusive economy. An inclusive economy will mean people being able to participate in the economy fully, and free from gender discrimination.

Publicity

27. The Minister of Finance and Minister for Economic Development will launch the economic strategy publically on the [22 / 23 / 24] of September 2019. The launch will ... [Details TBC]
28. Following the launch, Ministers should begin using the language of the *Economic Plan* for economic policies and initiatives in their public communications so that we can communicate clearly how the Government's agenda is advancing.

Proactive Release

29. We propose releasing this paper proactively shortly after the strategy is launched, subject to redaction as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Finance and Minister for Economic Development recommend that the Committee:

1. approve the attached economic strategy, the *Economic Plan*;
2. note the strategy reaffirms our vision for a productive, sustainable and inclusive economy;
3. note that strategy describes the eight key economic shifts which support the transition to a productive, sustainable and inclusive economy;
 - 3.1. The New Zealand economy moves from volume to value with kiwi businesses, including SMEs, becoming more productive;
 - 3.2. People are skilled, adaptable and have access to affordable lifelong learning;

- 3.3. Deeper pools of capital are available to invest in infrastructure and grow NZ productive assets;
 - 3.4. Strong and revitalised regions;
 - 3.5. Enable a step change for Māori and Pacific economies;
 - 3.6. Sustainable and affordable energy systems;
 - 3.7. Land and resource use delivers greater value and improves environmental outcomes; and
 - 3.8. Transform our housing market to unlock productivity growth and make houses more affordable.
4. Note that the Government plans measure the success of the strategy by reporting on how the economy is performing through the Wellbeing Outlook.
 5. Agree that the Minister of Finance and Minister for Economic Development launch the *Economic Plan* in September 2019;
 6. Invite the Minister of Finance and Minister for Economic Development to report back with further proposals for implementing the economic strategy.

Authorised for lodgement

Hon Grant Robertson
Minister of Finance

Hon Phil Twyford
Minister for Economic Development



Treasury Report: Advice on Crown Funding for Lincoln University's Campus Redevelopment

Date:	27 August 2019	Report No:	T2019/2567
		File Number:	SH-4-6-17

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree to support a maximum Crown contribution of \$80 million for Lincoln University's campus redevelopment. Refer to the Minister of Education.	

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
s9(2)(g)(l)	Graduate Analyst, Skills and Work	s9(2)(k)	N/A (mob) ✓
Chris Nees	Acting Manager, Skills and Work		N/A (mob)

Minister's Office actions (if required)

Return the signed report to the Treasury.
Refer to the Minister of Education.

Note any feedback on the quality of the report

--

Enclosure: No

Treasury Report: Advice on Crown Funding for Lincoln University's Campus Redevelopment

Executive Summary

Lincoln University (Lincoln) submitted its Programme Business Case to the Minister of Education on 21 August 2019, seeking \$85 million of Crown funding for its \$307 million, 10 year capital programme - \$207 million of which is for its campus redevelopment.

Lincoln's proposed plan is significantly less risky and costly than its previous joint-facility business case, and we have greater confidence in Lincoln's ability to deliver it.

Lincoln presented us with the sensitivity analysis for its financial modelling, and we believe a Crown contribution of \$80 million will be sufficient for it to complete the work successfully. We also note that, while the Crown agreed a figure of \$85 million for Lincoln (for an earlier joint facility with AgResearch), this was on the basis that Lincoln would share proceeds from its insurance settlement with the Crown. Lincoln has since received a global settlement, so it is not possible to identify exactly how much should be owing to the Crown, but the best estimate of the Tertiary Education Commission (TEC) is ^{s9(2)(ba)(i)} [REDACTED].

We therefore recommend you support a maximum Crown contribution of \$80 million instead of \$85 million for Lincoln's campus redevelopment. If you agree, you may wish to discuss the matter with Minister Hipkins before his officials prepare a Cabinet paper on this topic.

Recommended Action

We recommend that you:

- a **note** that when the Crown agreed to provide Lincoln with \$85 million, it was on the expectation that it would share the proceeds from its insurance settlement.
- b **note** that TEC's best estimate of what would be shared with the Crown from Lincoln's insurance settlement is ^{s9(2)(ba)(i)} [REDACTED].
- c **note** that in Treasury's view, based on sensitivity analyses we have seen, Lincoln should be able to deliver its redevelopment project with a Crown contribution of \$80m.

Noted.

- d **agree**, in light of recommendations a–c, to support a maximum Crown contribution of \$80 million for Lincoln's campus redevelopment.

Agree/disagree.

- e **indicate** whether you would like us to provide you with talking points to support a conversation with Minister Hipkins on this topic.

Yes/no.

f refer to the Minister of Education for his information.

Refer/not referred.

Chris Nees
Acting Manager, Skills and Work

Hon Grant Robertson
Minister of Finance

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Treasury Report: Advice on Crown Funding for Lincoln University's Campus Redevelopment

Purpose of Report

1. This report seeks your agreement to support a maximum Crown contribution of \$80 million toward Lincoln University's (Lincoln's) campus redevelopment as outlined in the Programme Business Case sent to the Minister of Education on 21 August 2019.

The Crown has been involved in Lincoln's campus redevelopment since 2014

2. In June 2014, Cabinet agreed in principle to provide capital funding of up to \$100 million towards the rebuilding of Lincoln's science facilities following the Canterbury earthquakes, with an additional \$7.5 million to be paid immediately. Cabinet also agreed that in return Lincoln would share with the Crown the proceeds above \$10 million relating to insurance settlements for the demolition of existing science buildings [CAB Min (14) 22/8 refers].
3. In June 2017 Cabinet made a revised decision to provide Lincoln with an \$85 million capital contribution for a joint facility with AgResearch, subject to an Implementation Business Case. Cabinet also updated the insurance-sharing arrangement to cover any further insurance proceeds for all remaining buildings in excess of \$20 million [CAB-17-MIN-0312.01 refers]. At this point Cabinet agreed for \$85 million to be drawn down into the Support for Lincoln University Appropriation.
4. Lincoln and AgResearch submitted an incomplete Implementation Business Case in late 2018 to you and the Minister of Education, seeking the approval and release of \$85 million of Crown funding. Following the Minister of Education writing to Lincoln and AgResearch, informing them he was deferring a decision, AgResearch subsequently decided to construct its own facilities rather than proceed with the joint facility.

Lincoln's Programme Business Case requests the full \$85 million contribution from the Crown, and the TEC supports it receiving this amount

5. Lincoln submitted its Programme Business Case to the Minister of Education on 21 August 2019, outlining its \$307 million capital programme for the next 10 years. \$207 million of this is for Lincoln's campus redevelopment plan, and \$100 million as business-as-usual capital investment (such as IT, maintenance etc.).
6. Lincoln's proposed plan is significantly less risky and costly than its previous joint-facility business case, and we have greater confidence in Lincoln's ability to deliver it. Unlike the previous joint facility, this programme involves multiple discrete projects, providing Lincoln with flexibility to adjust its capital programme if required. Lincoln is also in a better financial position than previously, reflected in the reduction in its risk rating to "Low" on Tertiary Education Commission (TEC) Financial Monitoring Framework.
7. The TEC is recommending Lincoln receive the full \$85 million, with 5 payments linked to Lincoln meeting key programme milestones, and a \$10 million payment at-risk, payable on Lincoln achieving the benefits of the programme.

The Treasury recommends the Crown contribute a maximum of \$80 million

8. Cabinet agreed to a risk-sharing arrangement with both the University of Canterbury and Lincoln University following the Christchurch earthquakes. In return for a capital contribution from the Crown (which, aside from an initial injection of \$7.5 million, Lincoln has yet to receive) for the reconstruction of campus facilities, the universities would share a portion of their insurance settlements relating to building damage.
9. Lincoln University recently received its full and final insurance settlement payment of \$45 million. The settlement is a global settlement and does not distinguish between payments owing to building damage, business continuity, or claim preparation costs. For this reason, it is not possible to determine how much of the payment is due to building damage, and therefore the Crown has not received a share of this settlement as per Cabinet's previous agreement. The TEC's best estimate of the amount that would be shared with the Crown is in the order of \$^{s9(2)(ba)(i)} [REDACTED].
10. The Treasury has met with the TEC and Lincoln to discuss sensitivity analysis of different levels of Crown contribution and various risks to Lincoln's viability. The Treasury's view is that Lincoln's programme is viable with an **\$80 million** Crown contribution.
11. For example, even with 60% of the forecast domestic Equivalent Full-time Student growth, a 10% increase in costs for the main building, and some delays for individual projects, Lincoln remains financially viable regardless of whether the Crown contributes \$75 million, \$80 million or \$85 million. This is without taking into account the mitigation strategies that Lincoln could undertake, such as further asset sales or deprioritising some elements of its capital programme.
12. For these reasons, we recommend that you support a maximum \$80 million Crown contribution to Lincoln's campus redevelopment. The remaining \$5 million could be returned to the centre, or it could remain available for reprioritisation.

Any decision around a Crown contribution needs to go back to Cabinet

13. Cabinet re-phased the Support for Lincoln University Appropriation as part of the Budget 2019 technical initiatives package. Cabinet also invited the Minister of Education to report back in 2019 on Lincoln's revised campus redevelopment plans, and the new arrangements for Crown funding [CAB-19-MIN-0088.13 refers].
14. This report-back provides the opportunity for Cabinet to confirm the amount the Crown wants to contribute to Lincoln's campus redevelopment.

Next Steps

15. We can provide you with talking points to support a conversation with the Minister of Education ahead of a Cabinet paper being prepared, if you so desire.

Treasury Report: Briefing on ACC's fourth quarterly report 2018/19

Date:	29 August 2019	Report No:	T2019/2365
		File Number:	CM-1-3-1 (Accident Compensation Corporation (ACC))

Action sought

	Action sought	Deadline
Hon Grant Robertson (Minister of Finance)	For information only	N/A
Hon Iain Lees-Galloway (Minister for ACC)	Discuss fourth quarter performance at our meeting with you on 11 September 2019	11 September 2019

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Hamish Johnson	Senior Analyst, Health & ACC	s9(2)(k)	N/A
Bevan Searancke	Team Leader, ACC		N/A

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Briefing on ACC's fourth quarterly report 2018/19

Executive Summary

ACC had mixed performance results this year. Eighteen measures (including 6 key indicators) have been met. Twenty measures (including 12 key indicators) have not been met.

ACC recorded a deficit of \$8.7 billion in 2018/19. The major factors that contributed to the deficit were external economic impacts on the value of the outstanding claims liability (OCL).

The deficit does highlight the need for ACC to focus on the levers they have to influence claim cost growth. An important lever is rehabilitation performance. ACC achieved one out of nine rehabilitation performance targets in 2018/19.

ACC is rightly focused on the delivery of Next Generation Case Management. While the new case management model should improve rehabilitation performance it will take time for staff to adapt to a new way of working. ACC needs to continue to look for new short and long-term opportunities to improve rehabilitation performance. This should include how they integrate case management with the procurement of rehabilitation services under the Health Services Strategy.

Provider and business net trust scores and public trust and confidence have not improved over the year. ACC has refined its analysis on what levers will result in improvements in customer experience. The challenge for ACC is to implement initiatives this year that will result in improvements for 2019/20.

Sensitive claims has been separated out in the OCL valuation for the first time. This provides visibility of the impact that sensitive claims growth has on the scheme. There is still thought to be unmet need in this area and, therefore, further claim volume growth is expected.

ACC and Worksafe have produced a new Harm Reduction Action Plan. While the plan provides high level targets and highlights key areas of concern, it would benefit from including specific targets, actions and timeframes to deliver programmes that will improve New Zealand's work safety record.

During the year, ACC successfully delivered key projects in the integrated change investment portfolio (ICIP). These include upgrading its core claims management system, implementing a new claims lodgement system, client payments and starting to roll out its new case management model. The challenge for ACC is now to deliver the benefits and performance improvements from the ICIP investments that it has made over the past few years and the additional investments it is making over the next few years.

Recommended Action

We recommend that you:

- a **note** Treasury officials will be available to discuss quarter four performance at our meeting with you on 11 September 2019
- b **discuss** how ACC will improve rehabilitation performance with the ACC Board Chair and Chair Executive

Agree/disagree.
Minister for ACC
- c **discuss** actions that will be taken to improve provider and business net trust scores and public trust and confidence with the ACC Board Chair and Chair Executive, and

Agree/disagree.
Minister for ACC
- d **discuss** with MBIE, Worksafe and ACC how they will jointly implement the Harm Reduction Plan.

Agree/disagree.
Minister for ACC

Bevan Searancke
Team Leader, ACC

Hon Grant Robertson
Minister of Finance

Hon Iain Lees-Galloway
Minister for ACC

Treasury Report: Briefing on ACC's fourth quarterly report 2018/19

Purpose of Report

1. This report provides insights from the Accident Compensation Corporation's fourth quarterly report for 2018/19.
2. The fourth quarterly report is the end of the performance year and an opportunity to reflect ahead of the new performance year.

Analysis

Performance at a glance

3. ACC has seen mixed performance in 2018/19.

Indicator	Definition	Number of measures
Green	Met the full year target	18 (including 6 key indicators)
Red	Did not met the full year target	20 (including 12 key indicators)

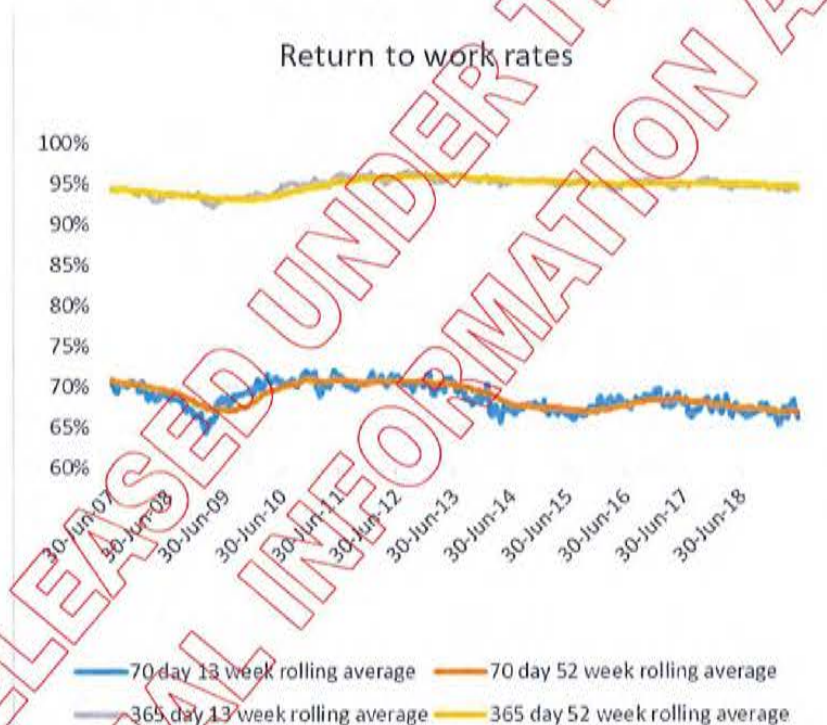
4. The headline feature of the fourth quarter is the \$8.7 billion deficit. You met with the Minister of Finance, Chair of the ACC board, ACC Chief Executive and officials on 21 August 2019 to discuss this. Accordingly, we have not repeated any additional in-depth commentary on the outstanding claims liability (OCL) or investment strategy in this report.
5. The major factors that contributed to the deficit were external economic impacts on the value of the OCL. This was mainly driven by the change of discount rate.
6. ACC invests significantly in Government bonds to cover interest and inflation rate movements but cannot achieve a perfect hedge due to a duration mismatch. This means year-on-year volatility in solvency is always possible. However, the investment strategy is fit for purpose as long as it matches the long-term cash flow requirements.
7. It is prudent to assume the current environment could continue. ACC's Strategic Asset Allocation will be discussed by the Investment Committee in September/October 2019. We will work with ACC to monitor the situation.

Focus for this report

8. The next sections of this report focus on the following areas of interest:
 - Rehabilitation
 - Customer experience
 - Sensitive claims
 - Injury prevention
 - Integrated change investment portfolio.

Rehabilitation

9. ACC achieved one out of nine rehabilitation performance targets in 2018/19. Our concern is that rehabilitation is one of the key areas where ACC can influence claim costs.
10. There are also a number of factors that drive claim cost growth which are outside of ACC's control. This includes factors like wage growth, policy change (free GP visits for under-14 and MECA agreements) and the fact that the scheme is yet to reach maturity. ACC is undertaking work to quantify these factors. We will provide further commentary in the next quarterly report briefing.
11. Return to work rates (at 70, 273, or 365 days) have steadily declined since 2012/13.

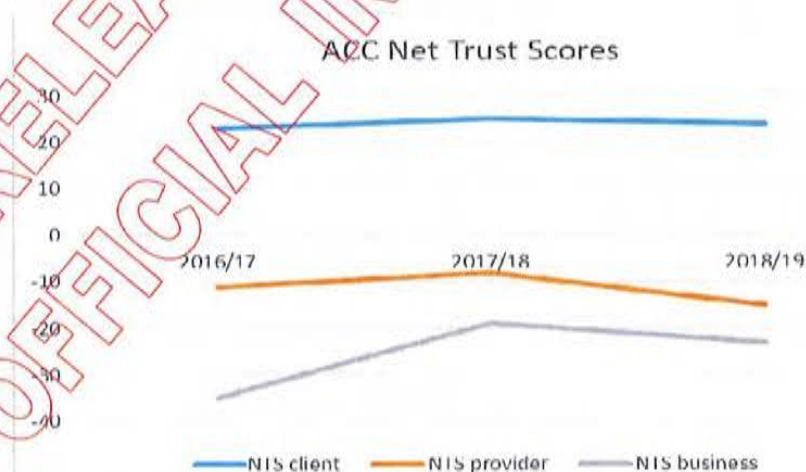


12. The measure ACC did achieve was *Return to independence for those not in the workforce*. ACC identify a number of factors that have contributed to continued improvement over the last two years:
 - focus on consistent claim management
 - volume of service allows quick response to change
 - national capacity management
 - mature Enabling Independence service operating model.
13. Consistent claim management and national capacity management are features of the Next Generation Case Management model which is expected to lift overall rehabilitation performance once implemented and embedded.
14. *Durable return to work* is a useful comparative rehabilitation performance measure. The 2018/19 result (73%) is 7% lower than ACC's 2017/18 result. This is also lower than the Australian 2017/18 result of 77%. This survey uses a relatively small cohort. Of the 286 clients surveyed, 77 were not back at work. This compares to 63 people in 2017/18. Over the past seven years, ACC has consistently outperformed the Australian schemes.

15. ACC is undertaking analysis to understand this year's result. Our concern is that this is another flag of declining rehabilitation performance. But further analysis is required to understand the result. The Australian survey is completed every second year with the next survey due in 2020.
16. ACC is focused on implementing Next Generation Case Management. There will be a period of adjustment for staff to learn and adapt to a new way of working. This may negatively affect rehabilitation performance in the short term but improvements in performance are expected in the long term. It is important to look forward to identify short and long-term initiatives that will allow ACC to adapt to current and future challenges.
17. We recommend that you ask ACC to present an overview on how they will improve rehabilitation performance in 2019/20. This overview should:
 - draw on the internal and external rehabilitation reports ACC has commissioned
 - demonstrate how Next Generation Case Management integrates with rehabilitation services (including Vocational Rehabilitation which will be retendered in 2020) and other Health Services Strategy initiatives, and
 - explain how they will keep employers informed and part of the recovery journey (see Customer Experience below).

Customer experience

18. ACC is developing actions that will raise *Provider and Business Net Trust Scores*. These scores have declined over the last year. *Public trust and confidence* has also stayed at the same level in 2018/19. ACC has further refined the levers that will enable them to improve these scores.



19. The provider levers have been identified as:
 - higher quality claims decision making
 - improved communication
 - better access to case owners
 - easier interactions.
20. The business levers have been identified as:
 - increase the perception of value in the levy
 - better understanding of the levy invoice

- keep employers informed and part of the recovery journey
21. The key drivers for public trust and confidence are:
- stories from friends and family about ACC
 - personal claims experience
 - influence of media
 - what providers say about ACC
 - experience as a levy payer.
22. We recommend that you ask ACC to provide you with an overview of what initiatives will be implemented to improve *provider and business net trust scores and public trust and confidence*. The overview should include timeframes for when the initiatives will be delivered and when improvement in NTS and public trust and confidence are likely to be realised. We understand that initiatives may improve business and provider experience without significantly changing NTS. We support using alternative measurements to quantify the impact of individual initiatives.

Sensitive claims

23. Sensitive claims has been separated out in the OCL valuation for the first time. This provides visibility of the impact that sensitive claims has had on the scheme. The valuation shows that there is a \$438 million strain for the year. The sensitive claims OCL as at June 2019 is \$4.2 billion. Claim costs and claim volumes have grown significantly since the implementation of the Integrated Service for Sensitive Claims (ISSC) in 2014. Claim volumes increased by 25% in 2018/19. ACC believes there is still unmet need and that claim volumes are likely to continue to grow by a similar amount this year.
24. While 23% of sensitive claims exit from the scheme within three months, 23% continue to receive entitlements for more than 690 days. While a different cause, this is a similar trend seen in Australia compensation schemes where the duration of mental injuries is four times that of physical injuries. This highlights the challenge to address and forecast the impact of mental injuries.
25. ACC is undertaking a strategic review of the ISSC contract. This would also be a good chance to identify opportunities to optimise the Next Generation Case Management model to support clients. There may also be opportunities to identify how providers and case owners can utilise the cross agency injury prevention initiatives and partnerships they are involved in.

Injury Prevention

26. ACC achieved two of the three injury prevention performance targets (*Return on investment* and *Number of claims avoided*). The *Rate of serious injury* was affected by the Christchurch mosque shootings but ACC would not have otherwise met the target. Older adult falls continues to be the area that has the highest number of fatal and serious injury claims. The Live Stronger for Longer programme is the key injury prevention initiative to reduce injuries in this area.
27. We are commencing a project to further explore how well aligned ACC's injury prevention programme is with the key drivers of injury in New Zealand and will report back on key findings.

Work place injuries

28. New Zealand has a poor work place health and safety record compared to other countries. We lag behind Australia and the United Kingdom in our rate of fatal work place injuries. Our rates of serious claim¹ work place injury between 2012/13 and 2016/17 has increased (+18%) compared to Australian jurisdictions where the rate has declined (-16%).
29. ACC and Worksafe have produced a new Harm Reduction Action Plan. While the plan provides high level targets and highlights key areas of concern, the plan would be improved by including specific targets, actions and timeframes to deliver programmes that will achieve the desired results.
30. We recommend you request MBIE, Worksafe and ACC to jointly provide you with advice on how the Harm Reduction Plan will be delivered. This includes how all available levers (policy, enforcement, incentives and education) will be used to achieve the objectives of the Harm Reduction Plan.

Integrated Change Investment Portfolio

31. During the year, ACC successfully delivered key projects in the integrated change investment portfolio (ICIP). These include upgrading its core claims management system (Eos), implementing a new claims lodgement system, client payments and starting to roll out its new case management model. It has already achieved some benefits through cost reduction with Inland Revenue, locking in \$40 million of the \$300 million net present value for ICIP. ICIP is also tracking to budget overall.
32. While it is good that ACC has now landed these key projects and is starting to deliver benefits, the timeframes for some projects were extended meaning that the timing for some of the benefits has been delayed.
33. As can be seen in the table below five out of the six (ICIP) benefit measures have not achieved their target for the 2018/19 year. The measure *Claims processed per FTE* has been met. However, there is a potential trade-off between claims processed per FTE and rehabilitation performance that ACC is considering.

¹ Defined as an injury which results in one week away from work.

Status of Integrated Change Investment Portfolio

\$m	Most recent result	2017/18 actual	Life to date actual	Life to date budget	Status
Total cost	June 2019	\$284m	\$390m	\$401m	G
Benefit measures					
	Most recent result	2017/18 actual	2018/19 actual	Full year target	Status
Client NTS	June 2019	+25.0	+24.0	+30.6	R
Provider net trust score	June 2019	-8.0	-15.0	-10.0	R
Business net trust score	June 2019	-19.0	-23.0	-14.0	R
Claims processed per FTE	June 2019	593	605	585	G
Reduction in average WC days paid	June 2019	-1.98 days	-3.2 days	+0.5 days	R
Employee net promoter score	June 2019	-6	-11	+16	R

34. The challenge for ACC is now to deliver the benefit measures and performance improvements from the ICIP investments that it has made over the past few years and the additional investments it is making over the next few years.



TE TAI ŌHANGA
THE TREASURY

Treasury Report: Ōtākaro Ltd: Documentation to Confirm Appointments

Date:	4 September 2019	Report No:	T2019/2652
		File Number:	CM-0-2-20-2019

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	For information only	None
Hon Dr Megan Woods Minister for Greater Christchurch Regeneration	Agree recommendations, agree to sign APH documentation	Thursday 12 September 10.00am (Cabinet Office deadline)

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Murray Costello	Senior Advisor, Governance and Appointments	s9(2)(k)	✓
Gael Webster	Manager, Governance and Appointments		

Minister for Greater Christchurch Regeneration's Office actions (if required)

Return the signed report to Treasury. If signed, lodge APH Committee documentation with Cabinet Office by 10.00am on Thursday 12 September 2019 for consideration at APH Committee on Wednesday 18 September 2019.

Note any
feedback on
the quality of
the report

Enclosure: Yes (attached)

Treasury Report: Ōtākaro Ltd: Documentation to Confirm Appointments

Purpose of Report

You have agreed to appoint Corinne Haines as the Chair of Ōtākaro Ltd, and to reappoint Ms Haines as a director of Ōtākaro Ltd (Ōtākaro), from 1 October 2019 to 30 June 2022 [T2019/2052 refers].

We have been advised by your Office that you have also agreed to appoint Dr Rod Carr and Mr Paul Blackler as directors on the Board of Ōtākaro. You are asked to confirm your intention to appoint the directors below. This will bring the Board's membership up to the maximum number under the company's Constitution.

Making these appointments effective to 30 June 2022 will mean that the terms of all five directors expire on that date. Future appointments can be staggered to provide orderly Board succession.

APH documentation to confirm these appointments is attached. This needs to be lodged with Cabinet Office by 10.00am on Thursday 12 September 2019 for consideration at APH Committee on Wednesday 18 September 2019.

Following confirmation through Cabinet we will provide appointment letters for your signature.

Recommended Action

We recommend that you:

- a. **agree** to appoint Dr Rod Carr as a director of Ōtākaro, from 1 October 2019 to 30 June 2022
Agree/disagree.
- b. **agree** to appoint Paul Blackler as a director of Ōtākaro, from 1 October 2019 to 30 June 2022
Agree/disagree.
- c. **agree** to sign APH documentation confirming the appointment of Corinne Haines as Chair, and the appointment of Dr Rod Carr and Paul Blackler as directors, of Ōtākaro Ltd.
Agree/disagree.

Gael Webster
Manager, Governance and Appointments

Hon Dr Megan Woods
Minister for Greater Christchurch Regeneration

APPOINTMENT-IN-CONFIDENCE

Office of the Minister for Greater Christchurch Regeneration

Chair, Cabinet Appointments and Honours Committee

Ōtākaro Ltd: Chair and Director Appointments

Purpose

1. This paper advises the Cabinet Appointments and Honours Committee of my intention to make three appointments to the Board of Ōtākaro Ltd (Ōtākaro), as below:

Name	Designation	Appointment/ reappointment	Term	Replacing
Corinne Barbara <u>Haines</u>	Chair	Appointment	From 1 October 2019 up to 30 June 2022	Vacancy
Paul Andrew <u>Blackler</u>	Director	Appointment	From 1 October 2019 up to 30 June 2022	Vacancy
Dr Roderick Marshall (Rod) <u>Carr</u>	Director	Appointment	From 1 October 2019 up to 30 June 2022	Vacancy

Ōtākaro Ltd

2. Ōtākaro is a company pursuant to the Companies Act 1993 and is included on Schedule 4A of the Public Finance Act 1989. Its purpose is to contribute to the regeneration of Christchurch by adding value to defined anchor projects and Crown land in a manner which balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives, and by supporting the Crown's exit over time on favourable terms. Ministers expect Ōtākaro to:
 - deliver defined Crown anchor projects and investments within expected time, cost, and quality
 - act as a credible market participant in project procurement, contracting, and land transactions
 - add value to the Crown's investment in defined anchor projects and land
 - support the Crown's exit from its interests in defined anchor projects and land on favourable terms.
3. This appointment is made in accordance with the guiding legislation and the constitution of the company, which stipulates that the shareholders may, at any time, appoint or reappoint directors to the board.
4. There can be a maximum of five members on the Ōtākaro Board. The Board had four directors from 2016 to 2018 but reduced to three in December 2018.
5. I am expanding the experience on the Board (particularly in major construction project oversight) and intend to appoint Paul Blackler and Dr Rod Carr for terms from 1 October 2019 until 30 June 2022. I also intend to appoint Acting Chair Corinne Haines as the Chair from 1 October 2019 up to 30 June 2022, to align term end dates.

APPOINTMENT-IN-CONFIDENCE

Appointment – Chair and director

6. Corinne Haines is the Managing Director of Trimble Navigation New Zealand Ltd, a company she has worked for, including its predecessors, since 1978. She is also responsible for the financial operations of the Asia Pacific Region for Trimble International. Ms Haines is a Chartered Accountant and has held a number of community-based committee and treasurer roles. Ms Haines was made a Companion of the NZ Order of Merit for services to business in 2015 and was given a special commendation at the Champion Canterbury Awards in 2014. s9(2)(g)(i)

s9(2)(g)(i)
s9(2)(g)(i)

Ms Haines has been the Acting Chair of Ōtākaro throughout 2019.

Appointments – Directors

7. Paul Blackler, of Canterbury, has had a long career in building and construction, starting with a carpentry apprenticeship and continuing to large-scale construction management. He is currently the New Zealand Construction Manager for Ryman Healthcare. He has had a range of governance roles in industry bodies, such as the Building Practitioners Board and the boards of Canterbury Master Builders and Site Safe, and in non-government organisations.

8. Dr Rod Carr, of Christchurch, s9(2)(g)(i)
s9(2)(g)(i)
s9(2)(g)(i) Dr Carr has been closely involved in two major rebuild projects in the region – the University rebuild when he was Vice-Chancellor, and in a governance capacity, he was a director of Lyttelton Port Company before and after the earthquakes. s9(2)(g)(i)
s9(2)(g)(i)

Certification

9. The Cabinet-approved process was followed for these appointments, including:
- Identifying the skills and experience required in appointees
 - searching Treasury's candidate database and posting the position specifications on Treasury's website
 - seeking nominations from Te Puni Kōkiri, the Ministry for Women, the Ministry for Pacific Peoples, the Office of Ethnic Communities, the Coalition parties and support party
 - due diligence interviews with short-listed candidates and the company Chair and/or directors
 - reference checks
 - background checks for candidates being considered for appointment.

Conflicts of interest

10. Enquiries about conflicts of interest have been carried out for the candidates and no conflicts have been identified. The Board maintains a conflict of interest disclosure and management regime which is expected to be able to deal with any conflicts that may arise.

APPOINTMENT-IN-CONFIDENCE

11. The candidates have certified that they are not disqualified from being a board member under the provisions of the Crown Entities Act 2004, and have also disclosed the nature and extent of all known interests that may relate to Ōtākaro, which is a further provision required by the Treasury. The appointments are also subject to the satisfactory completion of background checks.

Representativeness of appointments

12. I confirm that full consideration has been given to achieving appropriate balance in board membership in terms of gender, age, geographical and ethnic balance. After these appointments the Board will be 40% female and 100% NZ European ethnicity.
13. Four directors are from Christchurch and Canterbury, and one is from Auckland. This is an appropriate regional balance given the focus of Ōtākaro's work.

Fees

14. Fees are drawn from the remuneration pool approved by shareholding Ministers. The rate for a director is \$35,000 per annum, and the Chair receives twice the director annual rate.

Recommendations

15. It is recommended that the Cabinet Appointments and Honours Committee:

1. **note** my intention to make three appointments to the Board of Ōtākaro Ltd:

Name	Designation	Appointment/ reappointment	Term	Replacing
Corinne Barbara <u>Haines</u>	Chair	Appointment	From 1 October 2019 up to 30 June 2022	Vacancy
Paul Andrew <u>Blackler</u>	Director	Appointment	From 1 October 2019 up to 30 June 2022	Vacancy
Dr Roderick Marshall (Rod) <u>Carr</u>	Director	Appointment	From 1 October 2019 up to 30 June 2022	Vacancy

2. **note** these appointments are subject to the satisfactory completion of background checks.

Authorised for lodgement

Hon Dr Megan Woods

Minister for Greater Christchurch Regeneration

IN-CONFIDENCE



Reference: T2019/2757

BM-2-14

Date: 5 September 2019

To: Minister of Finance (Hon Grant Robertson)

Deadline: None
(if any)

Gender Analysis: Background for Meeting with Professor Jennifer Curtin, 12 September 2019

Purpose

On Thursday 12 September 2019 you will meet with Professor Jennifer Curtin of the University of Auckland to discuss the work she has been doing on gender analysis, wellbeing, and gender budgeting. This meeting was previously scheduled for 8 August but was moved as you attended the funeral of Sir Brian Lochore.

This aide memoire provides you with background for the meeting. Professor Curtin's preliminary findings are attached to this briefing as an appendix. The Minister for Women will also be in attendance.

Background

In March you met with MPs Louisa Wall and Jo Hayes in their capacities as Co-Chairs of the New Zealand branch of Commonwealth Women Parliamentarians [T2019/783 refers]. The purpose of the meeting was to discuss whether gender budgeting forms part of the wellbeing framework. Professor Curtin attended this meeting with Treasury officials and you requested a follow up meeting with her to discuss her personal findings on the use of gender analysis in the New Zealand context.

Professor Curtin has drawn this work from several projects: a Visiting Fellowship at the Treasury, an MBIE Smart Ideas grant, and her ongoing research on gender equality. She continues her work in this area, having recently presented on *Gender Budgeting, Intersectionality, and Inclusivity: Reflections from Aotearoa-New Zealand* at the June conference of the International Public Policy Association in Montréal. While in Canada she also met with officials from Finance Canada, and the Canadian Department for Women and Gender Equality.

IN-CONFIDENCE

Preliminary Findings

Gender budgeting provides a way of analysing government expenditure and fiscal policy to promote gender equality. It can take many forms in practice, including analysis of budget allocations, the structure of fiscal policies, expenditure tracking and monitoring systems to identify gender bias, whether implicit or explicit.

Professor Curtin's findings on gender analysis and gender budgeting are largely consistent with advice we provided to you earlier this year [T2019/783 refers]. She encourages the use of *Bringing Gender In*, the Ministry for Women's gender analysis tool for policy (launched June 2019), using the Living Standards dashboard data to inform wellbeing analysis, and incorporating a gender equality lens to existing Budget processes to avoid it becoming an additional 'check-box exercise'.

Impacts for Budget 2020

s9(2)(f)(iv)

We have also included the Ministry for Women's gender analysis tool in the Budget guidance as it is being developed.

The Treasury's Living Standards Framework programme board have also been undertaking further work on distributional analysis of wellbeing in the Living Standards Dashboard. Results of this will be published as a Treasury Analytical paper and will include results for multi-dimensional wellbeing by age, sex, ethnicity, and labour force status.

A training session on the gender analysis tool is scheduled for Treasury Vote Analysts in mid-September (rescheduled from August). The Treasury will also continue discussions with the Ministry for Women on the impact and effectiveness of the tool as experience with it develops.

Kerri Kilner, Analyst, System Design and Strategy, s9(2)(k)

John Marney, Manager, System Design and Strategy, s9(2)(k)

Thank you for the opportunity to outline my work to date on gender analysis, wellbeing and gender budgeting. The summary points below draw on several projects: my MBIE Smart Ideas grant dedicated to designing a gender budgeting strategy for New Zealand, my recent Visiting Research Fellowship at the NZ Treasury (March-April 2019), and my ongoing research on gender equality in governance and policy at the Public Policy Institute.

Gender analysis in New Zealand

- There has been limited investment in gender analysis of policy across government (known as gender mainstreaming in Europe) over the past 10-15 years. This is unfortunate given embedding gender analysis capability and capacity is critical to good governance and developing new mechanisms for achieving gender equality outcomes.
- There has been a form of generational "amnesia" of the foundational work undertaken by the former Ministry of Women's Affairs in the 1980s and 1990s in regards to gender analysis and stakeholder engagement.
- The new "Bringing gender In" tool developed by the Ministry for Women represents an excellent first step at rebuilding capability across agencies, in recognising women are a diverse group, and reminding agencies that gendered impacts may result in what appear to be "gender neutral" policy domains and programmes.
- The MfW tool will need to be supplemented with training across agencies, endorsement by managers, and formal requirements for more than "tick box" attention if gender analysis to become systematically applied by analysts and advisers in a way that is "business as usual".
- Best practices elsewhere apply gender analysis at all stages of the policy making process, from the setting of (budget) priorities, proposal design and decisions through to implementation and evaluation. However, incorporating intersectional perspectives, without appearing "additive" remains a challenge.
- Actors beyond government (including parliament and civil society) are critical to holding government to account for the gendered (and diverse) differential impacts of all policy proposals. Developing these practices and culture needs to go beyond the CEDAW reporting cycle.

Gender analysis and the wellbeing budget

- The development of the Living Standards Framework and the Wellbeing Budget represents a valuable window of opportunity to advance gender analysis in the policy work of government agencies.
- Ideally, gender analysis would inform the setting of the Budget Priorities as well as feeding into the newly required current and future wellbeing analysis, and the guidelines (CBAX and others) and information sessions led by Treasury as part of this process.
- The Living Standards Dashboard has significant potential as a tool to assist a gendered analysis of the wellbeing domains by agencies and civil society. However, at this stage it is only possible to disaggregate the data by either sex or age or ethnicity for example. Expanding the Dashboard to allow for multi-level disaggregation would be a necessary next step.
- The Ministry for Women's 'Bringing Gender In' tool may be a useful addition to Treasury's guidance packages, and adapted for its own vote analysts (I am currently reviewing the MfW's tool in this regard as part of our gender budgeting project).
- To date, there has been little discussion amongst senior economics scholars addressing the gendered dimensions of the wellbeing economics framework, the associated capitals and how the approach and assumptions could be expanded to address gender inequalities (Marilyn Waring is an exception).

Gender budgeting

- There is no single, best practice model for gender budgeting internationally. The Canadian example is developing into a useful comparator for New Zealand, and the OECD has collated a range of cross national examples representative of diverse rules and guidelines.
- I am currently engaged in a systematic review of international examples, and their strengths and weaknesses, to inform my research on what could work in NZ.
- Best practice overseas indicates that effective gender analysis within agencies, and with respect to the Budget allocations, is enhanced when results are connected to a National Strategy on Gender Equality and its associated goals.
- To be most effective, a national strategy should be tied to a framework of indicators or results, to enable the tracking of progress towards gender outcomes over the medium term. A results framework provides the requisite evidence for future government investment and has the potential to support a focus on both current and intergenerational gender equality and wellbeing.
- Rather than creating numerous layers to the budget process, it appears logical in the case of New Zealand, to build a gender equality lens into the Wellbeing Budget and LSF. This would prevent a proliferation of separate "budgeting initiatives" and would deepen the wellbeing analysis already underway.

Professor Jennifer Curtin
Director, Public Policy Institute



TE TAI ŌHANGA
THE TREASURY

Treasury Report: Crown Infrastructure Partners Ltd: Commencement of 2020 Process

Date:	27 September 2019	Report No:	T2019/2837
		File Number:	CM-0-2-3-2019

Action sought

	Action sought	Deadline
Rt Hon Winston Peters Minister for State Owned Enterprises	Agree recommendations	11 October 2019
Hon Grant Robertson Minister of Finance	Agree recommendations	11 October 2019
Hon Phil Twyford Minister for Urban Development	For your information	None
Hon Shane Jones Associate Minister for State Owned Enterprises	For your information	None

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Gael Webster	Manager, Governance and Appointments	s9(2)(k)	s9(2)(g)(ii) ✓

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

APPOINTMENT-IN-CONFIDENCE

Treasury Report: Crown Infrastructure Partners Ltd: Commencement of 2020 Process

Executive Summary

This report seeks your agreement to commence a process to select up to two new directors for the Crown Infrastructure Partners Ltd Board (CIP) with skills across three areas:

- finance and risk management,
- investment analysis, capital markets, deal and debt structuring, and
- telecommunications.

Under CIP's existing Bulk Housing Infrastructure mandate these skills, (other than telecommunications experience), are required and s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

The Treasury recommends commencing the appointment process now to ensure directors are in place with the necessary skills early in 2020, due to the length of the appointment process and summer recess. You have the option to call for nominations or to bypass this phase and shortlist the recommended candidates to proceed directly to due diligence meetings.

This report also advises you that the conflict of interest preventing s9(2)(a) from being appointed has been resolved, and the Treasury will provide APH documentation for his appointment alongside any other new appointments.

Recommended Action

We recommend that you:

- a. **note** Chair Simon Allen and Miriam Dean retire on 29 February 2020 and Keith Tempest on 30 April 2020
- b. **note** you previously agreed to elevate Mark Binns to Chair on 1 March 2020 and to reappoint him as Chair for a further three year term from 1 May 2020
- c. **note** you agreed to appoint Chris Gudgeon and Kerry Knight for a three year term commencing 1 October 2019 which takes the board to seven members
- d. **note** you previously agreed to appoint s9(2)(a) on the retirement of Simon Allen on 1 March 2020 subject to a conflict of interest being resolved
- e. **agree to** s9(2)(f)(iv)

Agree/disagree.

Rt Hon Winston Peters

Agree/disagree.

Hon Grant Robertson

- f. **agree** to commence a process to identify up to two additional members for the CIP Board (replacing Miriam Dean and Keith Tempest) to enable the introduction of specific skills that will assist with current needs and s9(2)(f)(iv)

Agree/disagree.

Rt Hon Winston Peters

Agree/disagree.

Hon Grant Robertson

- g. **agree** to the skills required in the position specification (Annex I)

Agree/disagree.

Rt Hon Winston Peters

Agree/disagree.

Hon Grant Robertson

Appointment process options

EITHER

- h. **agree** to commence a public call for nominations in the usual way for up to two additional directors

Agree/disagree.

Rt Hon Winston Peters

Agree/disagree.

Hon Grant Robertson

OR

- i. **agree** to bypass a public call for nominations

Agree/disagree.

Rt Hon Winston Peters

Agree/disagree.

Hon Grant Robertson

AND

- j. **agree** to the Minister for State Owned Enterprises signing the attached letters (Annex II) to Caucus colleagues and coalition partners calling for nominations on behalf of both shareholding Ministers

Agree/disagree.

Rt Hon Winston Peters

Agree/disagree.

Hon Grant Robertson

OR

- k. **agree** to shortlist the following candidates for due diligence meetings:

• s9(2)(a) *Agree/disagree*

• s9(2)(a) *Agree/disagree*

• s9(2)(a) *Agree/disagree*

• s9(2)(a) *Agree/disagree*

_____ (specify any other candidate)

- I. **note** the Treasury will report back after the due diligence interviews recommending preferred candidates and will provide APH documentation including the appointment of ^{s9(2)(a)}

Gael Webster
Manager, Governance and Appointments

Rt Hon Winston Peters
Minister for State Owned Enterprises

Hon Grant Robertson
Minister of Finance

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Treasury Report: Crown Infrastructure Partners Ltd: Commencement of 2020 Appointment Process

Purpose of Report

1. This report asks you to s9(2)(f)(iv) and informs that s9(2)(a) s9(2)(a) conflict of interest has been resolved. It also addresses the skill gaps on the Board of Crown Infrastructure Partners Ltd (CIP) for its current s9(2)(f)(iv) s9(2)(f)(iv) and recommends you either agree to call for nominations (public or only Caucus colleagues and coalition parties and a Treasury search) or to bypass this phase and agree a shortlist to proceed to due diligence.

Background

Company commentary

2. CIP is a Schedule 4a company under the Public Finance Act 1989. The company was previously called Crown Fibre Holdings (CFH), and was established to manage the implementation of the ultra-fast broadband (UFB) programme. CFH adopted its new name on 1 September 2017 and its purpose was expanded. In addition to continuing with delivering the telecommunications network infrastructure (UFB, rural broadband initiative, and mobile black spot), the company has been given the task of developing commercial models to attract co-investment from the private or other sectors for the deployment of water (storm, water and potable) and roading infrastructure to support the timely increase of housing supply.
3. CIP has been participating in the advisory group for the Infrastructure Funding and Financing (IFF) stream of the Urban Growth Agenda (UGA). The advisory group has been developing policy for the Infrastructure Levy Model (the Model). CIP's experience in the Milldale transaction, which was the company's first significant housing infrastructure project delivered under a contractual model, has been an important input into the policy work. s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

APPOINTMENT-IN-CONFIDENCE

Board composition

4. The current CIP Board membership is as follows:

Table 1: CIP Board membership as at September 2019

Name	Term	Appointment date	Term expiry date	Skills
Simon Allen (Chair)	3rd Term	29 Oct 2009	30 April 2020 (Retires 29 Feb 2020)	s9(2)(g)(i)
Mark Binns (elevation to Chair 1 March 2020)	1st Term	1 June 2018	30 April 2020*	
Miriam Dean	3rd Term	20 Nov 2009	30 April 2020 (Retires 29 Feb 2020)	
Danelle Dinsdale	3rd Term	1 May 2012	30 April 2020	
Keith Tempest	4th Term	20 Nov 2009	30 April 2020	
Chris Gudgeon	1st Term	1 Oct 2019	30 April 2022	
Kerry Knight	1st Term	1 Oct 2019	30 April 2022	

*Mr Binns reappointed for a second term 1 May 2020-30 April 2023

Recent appointment decisions

5. You previously agreed to elevate Mr Binns to Chair when the current Chair Simon Allen retires on 29 February 2020, and to reappoint Mr Binns as Chair for a further three year term.
6. You have previously agreed to appoint Chris Gudgeon and Kerry Knight as directors commencing 1 October 2019 for three year terms. Mr Knight brings skills s9(2)(g)(i) s9(2)(g)(i) s9(2)(g)(i). Mr Gudgeon brings skills in s9(2)(g)(i) s9(2)(g)(i) s9(2)(g)(i).
7. The CIP Board will have seven members on 1 October 2019, the maximum permitted under the constitution.
8. You had previously agreed to the appointment of s9(2)(a) but this was deferred pending the resolution of a possible conflict of interest. This is now resolved. His appointment can be progressed at the next available director vacancy when Simon Allen retires on 29 February 2020. s9(2)(g)(i) s9(2)(g)(i) s9(2)(g)(i).

Pending term ends

9. You have three term ends in early 2020 to consider: Miriam Dean (29 February 2020), Danelle Dinsdale and Keith Tempest (30 April 2020)
10. s9(2)(f)(iv) s9(2)(f)(iv) s9(2)(f)(iv) s9(2)(g)(i) s9(2)(g)(i) s9(2)(g)(i) s9(2)(f)(iv) s9(2)(f)(iv).

11. Both Miriam Dean and Keith Tempest have indicated they will retire, Ms Deans on 29 February 2019 and Mr Tempest at the end of his term on 30 April 2020. This will allow for a refreshment of skills on the board.

Board skill requirements

12. Treasury and the Chair consider that the board's collective skillset needs to be supplemented in order for the company to deliver on its current mandate, and s9(2)(f)(iv)
13. The Treasury has discussed skill requirements for the CIP Board with the current Chair Simon Allen and the Chair-designate Mark Binns. While discussions have focused on the skills required for the Board to oversee the effective delivery of CIP's current mandate s9(2)(f)(iv)
- s9(2)(f)(iv)
- We have identified three key areas where additional skills may be needed:
- finance and risk management skills, seen mostly in candidates who are ex-Chief Financial Officers, so a new Chair of the CIP Audit and Risk committee can be appointed. This is seen as a high-priority appointment as the current committee Chair, Keith Tempest, retires in April 2020;
 - additional investment analysis, capital markets, deal and debt structuring skills, which are typically found in ex-investment banking professionals. This need will become more acute when Simon Allen steps down, and s9(2)(f)(iv)
 - s9(2)(f)(iv)
14. We recommend seeking directors with a range of the above skills, and the appointment decisions can reflect the work streams that are mandated to CIP.

Appointment process options

15. You have the following appointment process options:
- make a public call for nominations as per the Cabinet-approved process;
 - limit your search to a request for nominations from your caucus colleagues and support partners or;
 - bypass these processes and agree to shortlist the below candidates to proceed directly to due diligence.
16. In order to provide for full transparency and to attract the widest, most diverse pool of candidates, it is recommended that you proceed with a call for nominations. However, due to the shortened timeframe you may prefer to omit a public call for nominations and only seek nominations from caucus and support parties. The Treasury will also supplement the candidate pool with a search for additional candidates.
17. The Chair and Chair designate have proposed the following candidates that meet the skills requirement (CVs attached in Annex III):
- s9(2)(a)
 - s9(2)(a)

- s9(2)(a)

- s9(2)(a)

18. The Treasury considers that s9(2)(a) are experienced directors with the skills sought, and s9(2)(a) has relevant CFO skills but is inexperienced in governance. The Treasury has yet to ascertain the availability of these candidates.

Next Steps

19. Assuming your agreement to a call for nominations, the expected timeframe for the process to confirm new directors for CIP would be as follows:

Action	Date
Ministers agree position specification and commencement of process	Early October
Consult with Caucus, coalition and support parties, and position listed on Treasury's online director candidate database	Mid October
Shortlist report	Early November
Ministers short-list candidates	Mid - late November
Due diligence interviews	Late November - December
Ministers confirm intended appointee/s	Early February
APH, Cabinet and Caucus	Late February, early March 2020
New director/s commence	Late March 2020 and 1 May 2020

Diversity

20. All of the current directors of CIP are of New Zealand European ethnicity. As at 1 November 2019 the board will comprise two female (33%) and five male (67%) members. We recommend you continue to focus on opportunities to improve the gender and ethnic balance of the board as the appointment process progresses.
21. One of the short-listed candidates identifies as Māori and another identifies as Australian. The others are unknown.

Attachments

Attached to this report are:

- Annex I: Position specification for CIP.
- Annex II: Letters seeking nominations for one or two positions on the CIP Board.
- Annex III: CVs of candidates proposed for shortlisting

APPOINTMENT-IN-CONFIDENCE

Raj Nahna
Chief of Staff, Labour Party
PARLIAMENT BUILDINGS
WELLINGTON 6160

Dear Raj

CROWN INFRASTRUCTURE PARTNERS LTD: BOARD APPOINTMENTS

Together with my colleague, Hon Grant Robertson, we will shortly begin to consider a position on the board of Crown Infrastructure Partners Ltd (CIP).

This letter seeks nominations of candidates from the Labour Party who would add value as a member of the CIP board.

Attached is a document detailing the services the entity provides, its structure and scale of operation, key business drivers and the skills required at board level.

CIP will benefit from further diversity on the board; including regional, gender and ethnic diversity. Nominations for suitably qualified candidates who would contribute to this aspect will be particularly welcome.

If you are aware of potential candidates for any of the positions, please advise my office by Monday 28 October 2019. It would be appreciated if you could provide current curricula vitae for any candidates put forward. Following receipt of nominations, consideration will be given to the composition of the board, and any changes that are appropriate.

Yours sincerely

Rt Hon Winston Peters
Minister for State Owned Enterprises

Jon Johansson
Chief of Staff, New Zealand First
PARLIAMENT BUILDINGS
WELLINGTON 6160

Dear Jon

CROWN INFRASTRUCTURE PARTNERS LTD: BOARD APPOINTMENTS

Together with my colleague, Hon Grant Robertson, we will shortly begin to consider a position on the board of Crown Infrastructure Partners Ltd (CIP).

This letter seeks nominations of candidates from the New Zealand First Party who would add value as a member of the CIP board.

Attached is a document detailing the services the entity provides, its structure and scale of operation, key business drivers and the skills required at board level.

CIP will benefit from further diversity on the board; including regional, gender and ethnic diversity. Nominations for suitably qualified candidates who would contribute to this aspect will be particularly welcome.

If you are aware of potential candidates for any of the positions, please advise my office by Monday 28 October 2019. It would be appreciated if you could provide current curricula vitae for any candidates put forward. Following receipt of nominations, consideration will be given to the composition of the board, and any changes that are appropriate.

Yours sincerely

Rt Hon Winston Peters
Minister for State Owned Enterprises

Tory Whanau
Chief of Staff, Green Party
PARLIAMENT BUILDINGS
WELLINGTON 6160

Dear Tory

CROWN INFRASTRUCTURE PARTNERS LTD: BOARD APPOINTMENTS

Together with my colleague, Hon Grant Robertson, we will shortly begin to consider a position on the board of Crown Infrastructure Partners Ltd (CIP).

This letter seeks nominations of candidates from the Green Party who would add value as a member of the CIP board.

Attached is a document detailing the services the entity provides, its structure and scale of operation, key business drivers and the skills required at board level.

CIP will benefit from further diversity on the board; including regional, gender and ethnic diversity. Nominations for suitably qualified candidates who would contribute to this aspect will be particularly welcome.

If you are aware of potential candidates for any of the positions, please advise my office by Monday 28 October 2019. It would be appreciated if you could provide current curricula vitae for any candidates put forward. Following receipt of nominations, consideration will be given to the composition of the board, and any changes that are appropriate.

Yours sincerely

Rt Hon Winston Peters
Minister for State Owned Enterprises

Crown Infrastructure Partners Ltd (CIP) – Board Position Specification

Board skill requirements

Any nominees for this board should, in the first instance, have strong governance and commercial expertise with experience in sectors relevant to CIP's areas of operation. At this time director candidates are sought who have experience in:

- finance and risk management skills, with Audit and Risk committee experience
- investment analysis, capital markets, deal and debt structuring skill;
- telecommunications skills.

It is important that director nominees have the necessary skill set to enable them to meet the requirements of directors under the Companies Act 1993 and other relevant legislation.

Company's business and structure

CIP is a Public Finance Act 1989 Schedule 4A company. It was previously called Crown Fibre Holdings (CFH). CFH was established to manage the ultra-fast broadband (UFB) programme. CFH adopted its new name on 1 September 2017 and its purpose was expanded.

Under CIP's constitution, its role and operations are divided into two broad areas:

- **Telecommunications:** co-investing with, or making grants to, the private sector for the delivery of telecommunications network infrastructure (UFB, rural broadband, and mobile black spots) and
- **Bulk Housing Infrastructure (BHI):** investigating and implementing commercial models that will enable co-investment from the private or other sectors, for the deployment of water (storm, waste and potable) and roading infrastructure to support the timely increase of housing supply.

Since its inception, CIP has entered into co-investment arrangements with private sector partners (Chorus, Enable, Northpower and Ultra-Fast Fibre) that will see UFB delivered to 87% of New Zealanders (covering ~390 cities/towns), including businesses, schools, health services, and greenfield developments.

CIP has also entered into grant-based arrangements with a number of regional wireless internet service providers and the Rural Connectivity Group, which is a joint venture between Spark, Vodafone and 2 Degrees, for the delivery of enhanced rural broadband to a further approximately 74,000 New Zealand homes and businesses and mobile coverage to over 1,000 kilometres of State Highways and over 100 tourism locations.

CIP's BHI work to date has been focused on developing the commercial models to achieve policy objectives, and on implementing a contractual model through the Milldale development in Auckland. CIP and its external advisors continue to support the Treasury in the development of funding models for BHI.

Business drivers short to medium term

- **Telecommunications:** CIP's business drivers are to ensure the successful delivery and completion of UFB, rural broadband, mobile black spots and Provincial Growth Fund digital connectivity programmes, including the return of capital invested through recycling, debt repayments and security redemptions (being a mix of medium and long term returns).
- **Bulk Housing Infrastructure:** CIP's business drivers are to support successful delivery of bulk housing infrastructure to facilitate increased housing supply, through the selection and shaping of project proposals that may be compatible with available commercial model(s).

Current Board composition (term under consideration shaded)

Board Member	Appointment date	Term end date	Region
Simon Allen (Chair)	29 October 2009	29 February 2020	Auckland
Mark Binns	1 June 2018	30 April 2020	Auckland
Miriam Dean	20 November 2009	29 February 2020	Auckland
Danelle Dinsdale	1 May 2012	30 April 2020	Auckland
Chris Gudgeon	1 October 2019	30 April 2022	Auckland
Kerry Knight	1 October 2019	30 April 2022	Auckland
Keith Tempest	20 November 2009	30 April 2020	Bay of Plenty

Fees

Directors' fees for the CIP Board are based on a rate of \$31,582 per annum. Actual fees paid are within the discretion of the Board.

Nominations

Nominations for this Board are required to be with my Office no later than **5.00pm on Monday 28 October 2019**. Following receipt, consideration will be given to the make up of the Board, and any changes that are appropriate. Any queries should be directed to Treasury's Governance and Appointments Team at appointments@treasury.govt.nz.

Treasury Report: Television New Zealand: Outcome of Due Diligence and Approach to Appointments

Date:	9 September 2019	Report No:	T2019/2506
		File Number:	CM-0-2-7-2019

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	For your information	None
Hon Kris Faafoi Minister of Broadcasting, Communications and Digital Media	Agree recommendations	13 September 2019

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Murray Costello	Senior Advisor, Governance and Appointments	s9(2)(k) s9(2)(g)(ii)	✓
Gael Webster	Manager, Governance and Appointments		

Actions for the Minister of Broadcasting, Communications and Digital Media's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Television New Zealand: Outcome of Due Diligence and Approach to Appointments

Executive Summary

This report recommends the appointment of Trish Carter to the Board of Television New Zealand Ltd (TVNZ), to take effect from 1 March 2020. It also seeks confirmation of your decisions on appointments of a new Chair and Deputy Chair, and reappointments to the Board from 1 November 2019.

Recommended Action

We recommend that you:

- a **agree** to appoint Ms Trish Carter as a director of TVNZ, for a term commencing on 1 March 2020 and ending on 31 October 2022
Agree/disagree
- b **agree** to reappoint Mr Andy Coupe as a director of TVNZ, and appoint him as the Chair of TVNZ, for a term commencing on 1 November 2019 and ending on 31 October 2022
Agree/disagree
- c **agree** to reappoint Mr Cameron Harland as a director of TVNZ, and appoint him as the Deputy Chair of TVNZ, for a term commencing on 1 November 2019 and ending on 31 October 2022
Agree/disagree
- d **agree** to reappoint Ms Abby Foote as a director of TVNZ, for a term commencing on 1 November 2019 and ending on 31 October 2022
Agree/disagree
- e **agree** to reappoint Ms Julia Raue as a director of TVNZ, for a term commencing on 1 November 2019 and ending on 30 April 2021
Agree/disagree
- f **note** that documents will be prepared to support consultation and subsequent submission to an APH Committee meeting in September or October 2019.

Gael Webster
Manager, Governance and Appointments

Hon Kris Faafoi
Minister of Broadcasting, Communications and Digital Media

Treasury Report: Television New Zealand: Outcome of Due Diligence and Approach to Appointments

Purpose of Report

1. This report seeks your agreement to appoint Ms Trish Carter to the Board of TVNZ. This appointment (if approved) cannot occur until 1 March 2020 s9(2)(a)
2. It also seeks confirmation of your decisions on appointments of a new Chair and Deputy Chair, and reappointments to the Board from 1 November 2019.
3. We will provide papers for consultation and subsequent submission to an APH Committee meeting in late September 2019. The Ministry for Culture and Heritage (MCH) has been consulted on this paper.

Background

4. The current TVNZ Board members are:

Table 1: Board Composition

Name	Position	Appointment date	Term expiry date
Dame Therese Walsh	Chair	16 July 2012	31 October 2019
Andy Coupe	Deputy Chair	1 May 2017	31 October 2019
Abby Foote	Director	1 November 2016	31 October 2019
Cameron Harland	Director	1 May 2017	31 October 2019
Julia Raue	Director	1 May 2014	31 October 2019
Toko Kapea	Director	1 January 2016	31 October 2021
Kevin Malloy	Director	1 May 2016	31 October 2021
Vacancy			

5. The Board has had seven members since April 2018. Late last year you agreed to seek candidates for TVNZ with public broadcasting backgrounds and in November 2018 you approved two candidates for interview but no appointment was made.
6. Ms Trish Carter was shortlisted in May 2019 and she was interviewed on 23 July. The interview panel was the Chair, Dame Therese Walsh, Deputy Chair Andy Coupe, and Treasury official Murray Costello.

Result of interview

7. Trish Carter is based in Auckland and has had a long career in radio and television. She worked at Radio New Zealand (1988-93), Consultus (1986-88), Newstalk ZB (1988-93), and TVNZ (1993-2003), becoming Head of News and Current Affairs. She was a consultant on the setup of the Māori Television Service and then became Bureau Chief for Al Jazeera in Kuala Lumpur (2005-07). Since then she has been a specialist advisor in radio and TV.

8. Her governance experience has been at the Asia New Zealand Foundation (since 2008), and as a Commissioner at UNESCO New Zealand (since 2013). s9(2)(g)(i)
s9(2)(g)(i)
s9(2)(g)(i) s9(2)(a)
9. Ms Carter is not available for appointment until March 2020 s9(2)(a)
s9(2)(a) We comment on the impact of this delayed commencement below.

Approach to terms expiring on 31 October 2019

10. The terms of five directors expire on 31 October 2019 and you have previously indicated that you wish to:
- retire Dame Therese Walsh
 - elevate Deputy Chair Andy Coupe to the Chair role
 - and reappoint Abby Foote and Cameron Harland.
11. You have not yet confirmed decisions on the reappointment of Ms Raue, or on the appointment of a new Deputy Chair.

Julia Raue recommended for 18 month reappointment

12. With Ms Carter not being appointable for some months, the departure of Dame Therese and Ms Raue at 31 October 2019 would reduce the Board to five members until 1 March 2020. The Treasury and MCH therefore recommend that you reappoint Ms Raue, for an 18 month term from 1 November 2019 to 30 April 2021 to retain a board of six members.
13. Reappointment to April 2021 would allow TVNZ to involve its longest-serving director (and an acknowledged high performer) while the future of TVNZ is considered.
14. Julia Raue's s9(2)(g)(i) . She was previously the Chief Information Officer of Air New Zealand, with oversight of an online revenue channel valued at \$1.5 billion. She was named NZ CIO of the Year in 2009 and Air NZ received technology and innovation awards under her IT leadership. Ms Raue is an experienced director – currently on the board of Z Energy, The Warehouse Group, Jade Software, and Southern Cross Healthcare Society.

Cameron Harland recommended as Deputy Chair

15. Once Andy Coupe is appointed as the Chair a new Deputy Chair will need to be considered. The current Chair and Deputy Chair recommend appointing Cameron Harland to this role due to his leadership experience, and commercial and creative industry expertise. Treasury and MCH support this.
16. Cameron Harland has been Chief Executive of the post-production facilities owned by Sir Peter Jackson, and before that spent nine years in senior roles in the advertising industry in New Zealand and in London. He is on the Weta Workshop Board and is Chair of the NZ Story Advisory Board, and was a member of the NZ Film Commission from 2010 to 2016.

Table 2: Recommended Board Composition from 1 November 2019

Name	Position	Appointment date	Term expiry date
Andy Coupe	Chair	1 May 2017	31 October 2022
Cameron Harland	Deputy Chair	1 May 2017	31 October 2022
Julia Raue	Director	1 May 2014	30 April 2021
Toko Kapea	Director	1 January 2016	31 October 2021
Kevin Malloy	Director	1 May 2016	31 October 2021
Abby Foote	Director	1 November 2016	31 October 2022
Trish Carter	Director	1 March 2020	31 October 2022

Indicative Timeline

17. If you agree to the recommended appointments and reappointments this timeline for the process is suggested:

Table 3: Indicative timeline for appointment process

Action	By
Minister confirms decisions on appointments and reappointments	Early September 2019
Coalition, support party, Caucus consultation	September 2019
APH, Cabinet	Target APH on Wednesday 25 September 2019 (lodgement with Cabinet Office by 10.00am on Thursday 19 September 2019)
Reappointments take effect	1 November 2019
New member commences	1 March 2020

Next Steps

18. Once you have confirmed your preferred approach to appointments to the TVNZ Board, papers will be provided to support consultation and subsequent submission to the APH Committee.

Attached Document

19. The attached document is:

- s9(2)(a)



TE TAI ŌHANGA
THE TREASURY

Treasury Report: Television New Zealand: Outcome of Due Diligence and Approach to Appointments

Date:	9 September 2019	Report No:	T2019/2506
		File Number:	CM-0-2-7-2019

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	For your information	None
Hon Kris Faafoi Minister of Broadcasting, Communications and Digital Media	Agree recommendations	13 September 2019

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Murray Costello	Senior Adviser, Governance and Appointments	s9(2)(k)	s9(2)(g)(ii)	✓
Gael Webster	Manager, Governance and Appointments			

Actions for the Minister of Broadcasting, Communications and Digital Media's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Television New Zealand: Outcome of Due Diligence and Approach to Appointments

Executive Summary

This report recommends the appointment of Trish Carter to the Board of Television New Zealand Ltd (TVNZ), to take effect from 1 March 2020. It also seeks confirmation of your decisions on appointments of a new Chair and Deputy Chair, and reappointments to the Board from 1 November 2019.

Recommended Action

We recommend that you:

- a **agree** to appoint Ms Trish Carter as a director of TVNZ, for a term commencing on 1 March 2020 and ending on 31 October 2022
Agree/disagree
- b **agree** to reappoint Mr Andy Coupe as a director of TVNZ, and appoint him as the Chair of TVNZ, for a term commencing on 1 November 2019 and ending on 31 October 2022
Agree/disagree
- c **agree** to reappoint Mr Cameron Harland as a director of TVNZ, and appoint him as the Deputy Chair of TVNZ, for a term commencing on 1 November 2019 and ending on 31 October 2022
Agree/disagree
- d **agree** to reappoint Ms Abby Foote as a director of TVNZ, for a term commencing on 1 November 2019 and ending on 31 October 2022
Agree/disagree
- e **agree** to reappoint Ms Julia Raue as a director of TVNZ, for a term commencing on 1 November 2019 and ending on 30 April 2021
Agree/disagree
- f **note** that documents will be prepared to support consultation and subsequent submission to an APH Committee meeting in September or October 2019.

Gael Webster
Manager, Governance and Appointments

Hon Kris Faafoi
Minister of Broadcasting, Communications and Digital Media

Treasury Report: Television New Zealand: Outcome of Due Diligence and Approach to Appointments

Purpose of Report

1. This report seeks your agreement to appoint Ms Trish Carter to the Board of TVNZ. This appointment (if approved) cannot occur until 1 March 2020, as Ms Carter is away from New Zealand until February 2020.
2. It also seeks confirmation of your decisions on appointments of a new Chair and Deputy Chair, and reappointments to the Board from 1 November 2019.
3. We will provide papers for consultation and subsequent submission to an APH Committee meeting in late September 2019. The Ministry for Culture and Heritage (MCH) has been consulted on this paper.

Background

4. The current TVNZ Board members are:

Table 1: Board Composition

Name	Position	Appointment date	Term expiry date
Dame Therese Walsh	Chair	16 July 2012	31 October 2019
Andy Coupe	Deputy Chair	1 May 2017	31 October 2019
Abby Foote	Director	1 November 2016	31 October 2019
Cameron Harland	Director	1 May 2017	31 October 2019
Julia Raue	Director	1 May 2014	31 October 2019
Toko Kapea	Director	1 January 2016	31 October 2021
Kevin Malloy	Director	1 May 2016	31 October 2021
Vacancy			

5. The Board has had seven members since April 2018. Late last year you agreed to seek candidates for TVNZ with public broadcasting backgrounds and in November 2018 you approved two candidates for interview but no appointment was made.
6. Ms Trish Carter was shortlisted in May 2019 and she was interviewed on 23 July. The interview panel was the Chair, Dame Therese Walsh, Deputy Chair Andy Coupe, and Treasury official Murray Costello.

Result of interview

7. Trish Carter is based in Auckland and has had a long career in radio and television. She worked at Radio New Zealand (1988-93), Consultus (1986-88), Newstalk ZB (1988-93), and TVNZ (1993-2003), becoming Head of News and Current Affairs. She was a consultant on the setup of the Māori Television Service and then became Bureau Chief for Al Jazeera in Kuala Lumpur (2005-07). Since then she has been a specialist advisor in radio and TV.

8. Her governance experience has been at the Asia New Zealand Foundation (since 2008), and as a Commissioner at UNESCO New Zealand (since 2013). s9(2)(g)(i) s9(2)(g)(i) s9(2)(a) I.
9. Ms Carter is not available for appointment until March 2020 s9(2)(a) We comment on the impact of this delayed commencement below.

Approach to terms expiring on 31 October 2019

10. The terms of five directors expire on 31 October 2019 and you have previously indicated that you wish to:
- retire Dame Therese Walsh
 - elevate Deputy Chair Andy Coupe to the Chair role
 - and reappoint Abby Foote and Cameron Harland.
11. You have not yet confirmed decisions on the reappointment of Ms Raue, or on the appointment of a new Deputy Chair.

Julia Raue recommended for 18 month reappointment

12. With Ms Carter not being appointable for some months, the departure of Dame Therese and Ms Raue at 31 October 2019 would reduce the Board to five members until 1 March 2020. The Treasury and MCH therefore recommend that you reappoint Ms Raue, for an 18 month term from 1 November 2019 to 30 April 2021 to retain a board of six members.
13. Reappointment to April 2021 would allow TVNZ to involve its longest-serving director (and an acknowledged high performer) while the future of TVNZ is considered.
14. Julia Raue's s9(2)(g)(i) She was previously the Chief Information Officer of Air New Zealand, with oversight of an online revenue channel valued at \$1.5 billion. She was named NZ CIO of the Year in 2009 and Air NZ received technology and innovation awards under her IT leadership. Ms Raue is an experienced director – currently on the board of Z Energy, The Warehouse Group, Jade Software, and Southern Cross Healthcare Society.

Cameron Harland recommended as Deputy Chair

15. Once Andy Coupe is appointed as the Chair a new Deputy Chair will need to be considered. The current Chair and Deputy Chair recommend appointing Cameron Harland to this role due to his leadership experience, and commercial and creative industry expertise. Treasury and MCH support this.
16. Cameron Harland has been Chief Executive of the post-production facilities owned by Sir Peter Jackson, and before that spent nine years in senior roles in the advertising industry in New Zealand and in London. He is on the Weta Workshop Board and is Chair of the NZ Story Advisory Board, and was a member of the NZ Film Commission from 2010 to 2016.

Table 2: Recommended Board Composition from 1 November 2019

Name	Position	Appointment date	Term expiry date
Andy Coupe	Chair	1 May 2017	31 October 2022
Cameron Harland	Deputy Chair	1 May 2017	31 October 2022
Julia Raue	Director	1 May 2014	30 April 2021
Toko Kapea	Director	1 January 2016	31 October 2021
Kevin Malloy	Director	1 May 2016	31 October 2021
Abby Foote	Director	1 November 2016	31 October 2022
Trish Carter	Director	1 March 2020	31 October 2022

Indicative Timeline

17. If you agree to the recommended appointments and reappointments this timeline for the process is suggested:

Table 3: Indicative timeline for appointment process

Action	By
Minister confirms decisions on appointments and reappointments	Early September 2019
Coalition, support party, Caucus consultation	September 2019
APH, Cabinet	Target APH on Wednesday 25 September 2019 (lodgement with Cabinet Office by 10.00am on Thursday 19 September 2019)
Reappointments take effect	1 November 2019
New member commences	1 March 2020

Next Steps

18. Once you have confirmed your preferred approach to appointments to the TVNZ Board, papers will be provided to support consultation and subsequent submission to the APH Committee.

Attached Document

19. The attached document is:

- s9(2)(a)



TE TAI ŌHANGA
THE TREASURY

Reference: T2019/2881

Date: 19 September 2019

To: Minister of Finance (Hon Grant Robertson)

Deadline: 24 September 2019

Aide Memoire: Briefing to Support a Meeting with the Minister of Education on 25 September 2019

Purpose

1. You are scheduled to meet with the Minister of Education on Wednesday 25 September 2019 at 8.00am–8.40am. We recommend you use the meeting to:
 - a s9(2)(f)(iv)
 - b discuss the possible contents of a paper the Minister of Education will take to Cabinet in November about his funding strategy for the Reform of Vocational Education (RoVE), and
 - c convey your expectations regarding potential Budget 2020 bids and note the importance of taking a longer-term view of how the Education Work Programme could be sequenced over several Budget cycles.
2. This aide memoire provides brief information on each topic (and references to previous advice where relevant). Suggested talking points are attached.
3. We have a pre-meeting with you on Wednesday 24 September 2019 at 5.30pm at which we can answer any questions you may have.

Brief Information on Each Topic

s9(2)(f)(iv)



s9(2)(f)(iv)

November Cabinet paper about funding for RoVE

7. In July 2019, the Minister of Education sought agreement from Cabinet to \$66.95 million in initial funding for RoVE from the contingency established at Budget 2019 [CAB-19-MIN-0334 refers]. Cabinet invited the Minister to return to Cabinet by December 2019 with a detailed strategy for managing the fiscal implications of RoVE, and suggesting funding to help manage the costs.
8. Our observations to date about the funding of RoVE are:
 - a RoVE will be very costly, even if all costs are at the low end of the estimated range
 - b RoVE is recognised as a top priority for the Government, and as such the pressures on the Minister and his officials to find funding from within baselines, or to trim costs to meet a budget, are weaker than usual, and
 - c the Minister has recently sought to use the RoVE contingency to fund activities (not envisaged in the RoVE Programme Business Case) which are not urgent or, in our view, of a high relative priority. These include fixed-term funding for new school-work brokers, and funding for the Ministry of Education to support schools to run events with employers.

s9(2)(f)(iv)

10. It will be valuable to set the expectation that the Minister will make some hard choices about priorities and sequencing within RoVE, and exhaust reprioritisation and re-phasing options within his Votes, before seeking new funding. You can make it clear that you will be looking for clear evidence that the Minister has taken steps to minimise the additional funding he needs to seek for RoVE.
11. Setting this expectation now will ensure the Minister has time to get advice from officials about options for scaling, phasing and prioritising within and beyond the programme.

s9(2)(f)(iv)

BUDGET-SENSITIVE

Education portfolio priorities for Budget 2020 and beyond

13. We briefed you on 29 August about the need to prioritise and sequence the commitments made through the Education Work Programme [T2019/2629 refers]. The key messages of that paper are:
- a significant pre-commitments and other likely cost pressures are emerging in the Education portfolio in Budget 2020. It will not be possible to fund at Budget 2020 all priorities from across the Education Work Programme that the Government might wish to implement from this year
 - b the breadth of the Education Work Programme is likely to place significant pressures on Departmental and sector capacity if implementation is not sequenced appropriately, and
 - c it is important to look beyond Budget 2020 and to take a medium- to longer-term view across several Budget cycles about how to prioritise and sequence actions, given fiscal constraints and workforce capacity implications.

s9(2)(f)(iv)

15. We recommend the key points you make in the meeting are to:

- a make it clear that the commitments set out in the Education Work Programme need to be sequenced over several years and budget cycles

- b s9(2)(f)(iv)
- c reiterate that you will be writing to Ministers seeking information on how they are progressing with significant initiatives funded in recent Budgets, and that you will reflect this when making Budget 2020 decisions, and
- d ask to meet again before Budget 2020 initiatives are submitted, to discuss the Minister's priorities for this Budget, his progress on developing proposals for sequencing the reforms that make up the Education Work Programme and the implications of this for a multi-year Budget strategy.

Matt van Wijk, Graduate Analyst, Skills and Work, s9(2)(k)

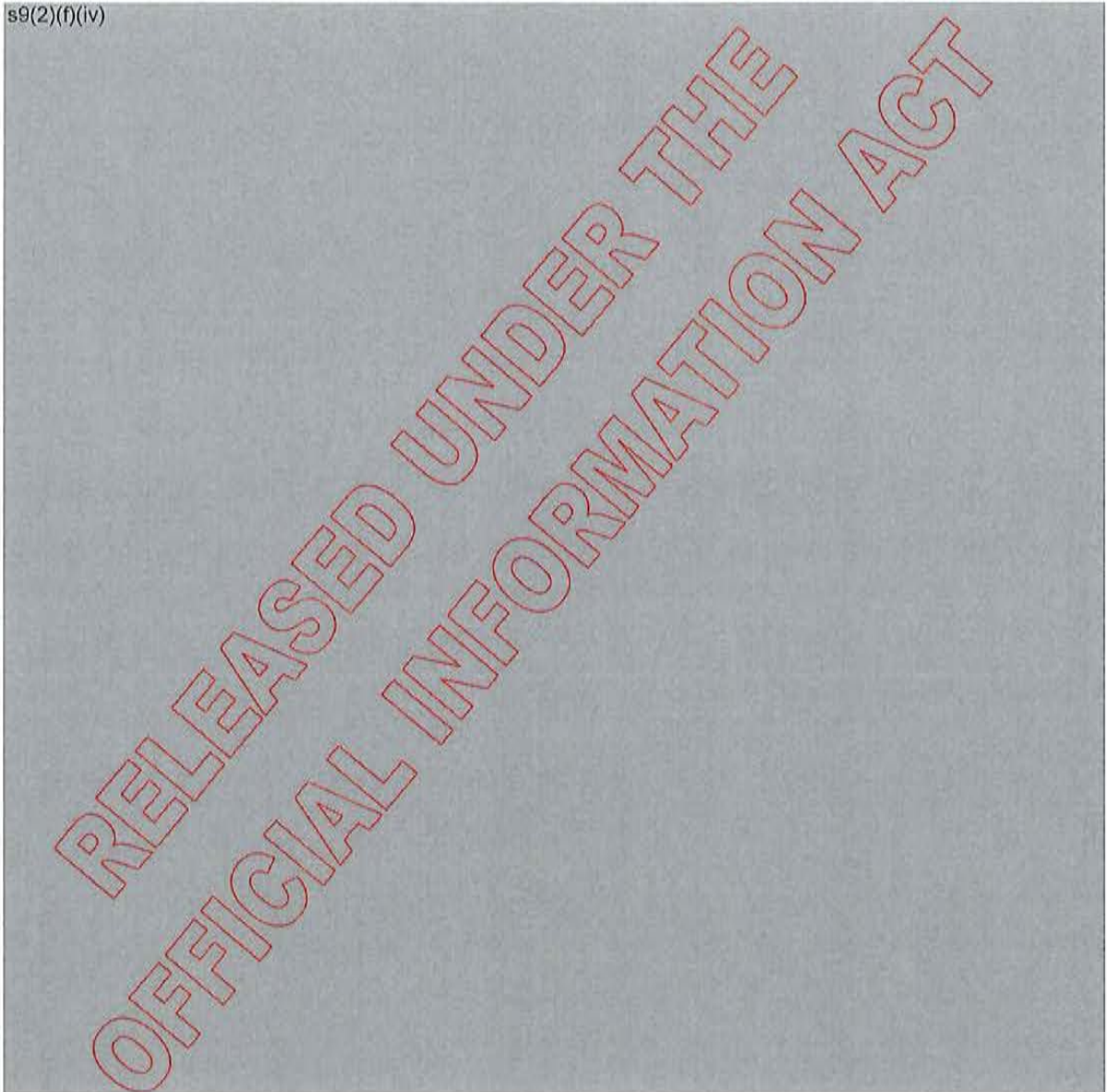
Ian Moore, Principal Advisor, Education and Population Agencies, s9(2)(k)

Chris Nees, Acting Manager, Skills and Work, Education and Population Agencies, s9(2)(a)

Suggested talking points

*In the talking points below, we have marked in **bold** three matters on which we suggest you seek explicit agreement from the Minister.*

s9(2)(f)(iv)



Education portfolio priorities for Budget 2020 and beyond

7. We have both received advice on prioritising and sequencing the implementation of reforms that make up the Education Work Programme. This is not just for fiscal reasons but also to manage the impact on agencies and the sector, and ensure we don't push more change than the system can absorb.
8. I know you will be working with Ministry officials to put together an outline of your proposed approach to prioritising and sequencing implementation over a number of years and Budget cycles. Can you give an overview of where your thinking is on key priorities in the Education Work Programme?
9. **I would like to discuss that further with you at our November bilateral. I will look forward to getting an early view of your potential priorities for Budget 2020 at that discussion, but I think it makes sense to think about the multi-year picture, not just the short term.**

s9(2)(f)(iv)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

IN-CONFIDENCE



Reference: T2019/3016

BM-2-14

Date: 26 September 2019

To: Minister of Finance (Hon Grant Robertson)

Gender Budgeting – Follow Up from Joint Ministers Meeting on 12 September 2019

Purpose

On Thursday 12 September you met with the Minister for Women, Hon Julie Anne Genter, Professor Jennifer Curtin, and officials from the Treasury and the Ministry for Women to discuss Gender Budgeting. During that meeting, you asked Treasury officials to support the Ministry for Women (MfW) to undertake a small number of 'deep dives' on Budget initiatives. There was also a discussion on time use surveys and the status of the Living Standards Framework Dashboard in providing distributional data. This aide memoire provides information on the next steps taken by officials, along with further information about work on the Dashboard. You may wish to provide a copy of this briefing to Hon Genter.

Gender Budgeting 'Deep Dives'

The Treasury is providing training and ongoing support for vote analysts on MfW's gender analysis tool, *Bringing Gender In*. Links to the tool are included in the Budget 2020 Guidance.

We have agreed with MfW that:

- MfW will lead the work on gender budgeting 'deep dives';
- MfW has identified that the likely portfolios for 'deep dives' will s9(2)(f)(iv)
s9(2)(f)(iv)
- These 'deep dives' will be completed by s9(2)(f)(iv)
- There will be two 'deep dives' and they will cover s9(2)(f)(iv)
s9(2)(f)(iv)
- These 'deep dives' should illustrate any gaps in the gender analysis tool and inform any future uses of it in budgeting and policy processes.

Living Standards Framework Dashboard

The Living Standards Framework Dashboard has not been designed to support detailed gender analysis, as its purpose is to inform policy priorities for improving wellbeing. While the Dashboard does include distributional data (where available for population sub-groups) including gender, it does not currently allow for detailed splits by combinations of ethnicity and gender. We are intending to include additional distributional data in an updated Dashboard in December, however this will not provide the level of detail required for robust gender analysis.

As well as being inconsistent with the purpose of the Dashboard, there are logistical and practical reasons that limit the extent to which the Dashboard can be developed to routinely include multi-level breakdowns across its indicators. In many cases the source data do not exist, and the relevant surveys cannot always provide robust estimates at that level. Consequently, a credible gender analysis data set may need to be developed separately from the Dashboard. The Treasury is currently finalising an analytical paper that describes how wellbeing varies between more detailed population groups, including combinations of ethnicity and gender.

The Treasury will report to you in early October with more detail on our work to develop the LSF and LSF Dashboard. This includes the release of an update of the LSF Dashboard in December 2019. As well as updating the data, we are reviewing the Dashboard indicators to identify opportunities to improve alignment with Indicators Aotearoa New Zealand and to respond to recommendations in the OECD country survey. We are including some new distributional analyses and some simple changes to improve accessibility. We are also planning to add a time use indicator in the December refresh. However, officials from MfW and the Treasury have clarified that time use surveys are the domain of Statistics New Zealand, and that for further work on this the Minister for Women should approach the Minister for Statistics.

More substantive changes will be reflected in the refresh of the LSF and LSF Dashboard in s9(2)(f)(iv). We have a particular focus on the areas that external engagement has identified as priorities: Te Ao Māori, child wellbeing, and culture.

Kerri Kilner, Analyst, System Design and Strategy, s9(2)(k)
John Marney, Manager, System Design and Strategy, s9(2)(k)



Treasury Report: Review of Pay Equity Cost Estimate for the 2019
Half Year Economic and Fiscal Update

Date:	27 September 2019	Report No:	T2019/3037
		File Number:	SH-2-0

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	<p>Note that the updated estimate of the cost of pay equity settlements over the forecast period is s9(2)(k) in the State sector and s9(2)(k) in the private sector;</p> <p>Indicate whether you have any additional information that could be considered for incorporation into this estimate.</p>	1 October 2019

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Richard Baird	Senior Analyst, Skills and Work	s9(2)(k)	N/A (mob)
Nick Carroll	Manager, Skills and Work		s9(2)(g)(ii)
Vicki Plater	Director, Growth and Public Services		

Minister's Office actions (if required)

Return the signed report to Treasury.	
Note any feedback on the quality of the report	
Enclosure:	No

Treasury Report: Review of Pay Equity Cost Estimate for the 2019 Half Year Economic and Fiscal Update

Executive Summary

Since the 2018 Half Year Economic and Fiscal Update (HYEFU 2018), the Treasury has included an estimated cost of pay equity settlements in its fiscal and economic forecasts. The Treasury's best professional judgement is that this provides a more accurate assessment of the government's fiscal and economic outlook than only incorporating the cost of pay equity settlements as a specific fiscal risk. The estimate included in the forecasts since HYEFU 2018 has been s9(2)(k) in the State sector and s9(2)(k) in the private sector, across the forecast period.

The Treasury has recently reviewed this estimate for inclusion in the HYEFU 2019, due to the availability of more accurate and up-to-date data on claims, and the necessary inclusion of the 2023/24 fiscal year into the forecast period.

Based on all available information at this point, and reflecting engagement with relevant agencies, our best professional judgement is that the HYEFU 2019 should include:

- s9(2)(k) over the forecast period in the State Sector,
- a private sector cost s9(2)(k) over the forecast period, and
- a specific fiscal risk reflecting the possible variance of cost from these estimates.

The updated estimates reflect s9(2)(k) increases to the HYEFU 2018 cost estimates for the state and private sectors respectively. The impacts of both including the 2023/24 fiscal year and s9(2)(k) is partially offset by more accurate workforce data and settlement timeframes.

This report outlines the judgements and assumptions that underpin these estimates, and responds to the feedback you previously provided on our estimation approach, including:

- How the Treasury can estimate the cost of pay equity settlements when there is so much uncertainty,
- Whether there is sufficient certainty to include the s9(2)(k) in the Treasury's estimates, and
- Why the Treasury is not explicitly reflecting a role for the s9(2)(k) in settlements.

If you have any additional information for the Treasury to consider for inclusion in the calculation, this information would need to be provided to the Treasury by Tuesday, 1 October 2019. As the preliminary economic forecasts are due to be finalised on 3 October 2019, any subsequent changes to the estimated cost of pay equity would need to be made for the final economic forecasts in November.

There is a risk that disclosing the estimated cost of pay equity settlements in HYEFU could result in a material loss of value to the Government or materially compromises the Government in negotiations. However, we consider that this risk s9(2)(k) can be managed.

Recommended Action

We recommend that you:

- **Note** that the updated estimate of the cost of pay equity settlements over the forecast period is s9(2)(k) in the State sector and s9(2)(k) in the private sector;

Noted

- **Note** that the updated estimate reflects s9(2)(k) increases between HYEFU 2018 and HYEFU 2019 for the State and private sectors respectively, and includes the addition of the 2023/24 fiscal year to the forecast period;

Noted

- **Note** that s9(2)(k) we plan to take the same approach to managing this risk;

Noted

- **Indicate** by 1 October 2019, whether you have any additional information that could be considered for incorporation into this estimate for the preliminary economic forecasts;

Vicki Plater
Director, Growth and Public Services

Hon Grant Robertson
Minister of Finance

Treasury Report: Review of Pay Equity Cost Estimate for the 2019 Half Year Economic and Fiscal Update

Purpose of Report

1. On 10 September 2019, we provided you with a brief update on our proposed approach to review the pay equity cost estimate for the 2019 Half Year Economic and Fiscal Update (HYEFU 2019). We discussed your feedback on the approach with your office on 25 September 2019.
2. The purpose of this report is to:
 - a inform you of the outcome of the Treasury's review of the Pay Equity cost estimate,
 - b respond to your feedback on our approach, and
 - c provide you with an opportunity to indicate whether you have any other information that could be considered for incorporation into the updated estimate, before preliminary economic forecasts are finalised on 3 October 2019.

Background

Decision to include an estimate in HYEFU 2018

3. Prior to HYEFU 2018, the Treasury had not included any estimate of the cost of pay equity settlements in its forecasts, but rather only included a specific fiscal risk for further claims following the Care and Support Worker settlement. This approach reflected the limited understanding at that time of the likely implications of a pay equity regime for other workforces.
4. On 13 November 2018, the Treasury provided you with a report outlining our judgement that including an estimated cost of pay equity settlements in the Treasury's forecasts would provide a more accurate assessment of the government's fiscal and economic outlook than the previous approach.
5. The 13 November report outlined the Treasury's criteria under the *Public Finance Act 1989* for including items in the fiscal and economic forecasts (discussed further in paragraph 43 below).
6. The HYEFU 2018 included an estimated impact of Pay Equity of s9(2)(k) the State sector and s9(2)(k) in the private sector, across the forecast period. There was also a specific fiscal risk included to reflect the possible variance of cost from the estimate, either higher or lower.
7. s9(2)(k) This was done to minimise the risk that disclosing the estimated cost of pay equity settlements in HYEFU could result in a material loss of value to the Government or materially compromises the Government in negotiations.
8. The economic forecasts reflected the impacts of the expected increase in wages across consumption, and wage inflation, but that these effects were masked by other movements, such as strong collective bargaining across the State sector (e.g. Nurses).

9. The HYEPU 2018 estimate remained unchanged in the 2019 Budget Economic and Fiscal Update (BEFU 2019).

Updating the estimate for HYEPU 2019

10. On 10 September 2019, we provided you with an aide memoire on the proposed review of the pay equity cost estimates for HYEPU 2019. The key drivers of the review were:
- a **The availability of more timely and accurate data on claims.** Over the past 12 months, individual claims have continued to be investigated and progressed. In addition, the State Services Commission (SSC) supported a tripartite process to prepare Sector plans for each of the Health, Education and Public Service sectors. The Sector plans outlined a shared understanding of workforce characteristics and timeframes for live and potential pay equity claims. The Sector plans were finalised in July 2019, and presented to the Ministerial Oversight Group on State Sector Employment Relations (MOGSSER) and the Ministerial State Sector Pay Equity Forum.
 - b **The 2023/24 fiscal year is to be included within the forecast period** reported in HYEPU 2019.
11. We met with your office on 25 September 2019 to discuss your views on the proposed modelling approach, and we agreed to provide you with this report.

Process to Review and Update the Cost Estimate

12. Following the proposed approach outlined in the September Aide Memoire [T2019/2649 refers], the Treasury created a new costing model to calculate a revised estimate of the cost of pay equity settlements.

s9(2)(k)



s9(2)(k)

Updated Cost Estimate for HYEPU 2019

Proposed estimate for inclusion in HYEPU 2019

20. Based on all available information at this point, our best professional judgement is that the HYEPU 2019 should include:
 - a a s9(2)(k) over the forecast period in the State Sector,
 - b a private sector cost of s9(2)(k) over the forecast period, and
 - c a specific fiscal risk reflecting the possible variance of cost from these estimates.
21. Table One shows the spread of these estimates across fiscal years over the forecast period.

Table One: Updated pay equity cost estimate

s9(2)(k)

22. The private sector costs all relate to private sector workforces that receive some level of Crown funding, and therefore the split between sectors may change, depending on any future funding decisions Ministers choose to make.
23. The preliminary economic forecasts are being prepared on the week beginning 30 September 2019. We intend to provide a report to you on 17 October 2019, which will incorporate the impact of the updated pay equity cost estimate on key economic variables.

Assumptions and Judgements

24. The updated cost estimate reflects the following assumptions and judgements.

§9(2)(k)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

s9(2)(k)

Comparison to HYEFU 2018 Estimate

41. Table Two presents a comparison between the updated estimate and the previous estimate included in both HYEFU 2018 and BEFU 2019. The updated estimate reflects s9(2)(k) increases between HYEFU 2018 and HYEFU 2019 for the state and private sectors respectively.
42. Table Two also identifies the main drivers of the change in costs:

- a **The roll-out of the 2023/24 year,** s9(2)(k) s9(2)(k) Assuming no changes to the HYEFU 2018 calculations had been made, simply including the 2023/24 fiscal year in the estimates results in s9(2)(k) s9(2)(k) increases for the State and private sectors, respectively.

s9(2)(k)

- c **The more timely, workforce-specific data, and revised settlement timeframes.** results in reduced costs of s9(2)(k) for the State and private sectors, respectively.

Table Two: Differences between cost estimates

s9(2)(k)

Responding to Your Feedback on the Proposed Approach

43. We understand that you had three particular areas of feedback on the Treasury's approach to estimating the cost of pay equity. This section seeks to outline our understanding of your views, and to justify the approach we have taken.

How can the Treasury estimate the cost of pay equity settlements when there is so much uncertainty?

44. Forecasting will always include some level of judgement. To guide our judgement a framework is used to consider when an item should be included in the forecasts. Matters are incorporated into the fiscal forecasts if:
- a a decision has been taken, or a decision has not yet been taken but it is reasonably probable² the matter will be approved, and
 - b it is reasonably probable the situation will occur, and the matter can be quantified for particular years with reasonable certainty.
45. Additionally, any other matters may be incorporated into the forecasts if the Secretary to the Treasury considers, using her best professional judgement, that the matters may have a material effect on the fiscal and economic outlook and are certain enough to include in the fiscal forecasts.
46. To meet the criteria of "reasonably probable" we would expect policy options or other matters to be advanced sufficiently to enable quantification of the fiscal impact with reasonable certainty, for it to be aligned to Government priorities and for the Government to indicate some commitment to implement the policy (e.g. public announcement).
47. The ultimate responsibility for determining inclusion in the forecasts is the Treasury's.
48. The uncertainty inherent in pay equity claims is the same uncertainty that was present in 2018 when the Treasury decided to include an estimate in the economic and fiscal forecasts at HYEPU 2018. Given pay equity costs have been incorporated into HYEPU 2018 and BEPU 2019, it would require a significant change in information or context to justify its removal.

² For these purposes "reasonably probable" is taken to mean that the matter is more likely than not to be approved within the forecast period (by considering, for example, whether there is a better than 50% chance of the matter occurring or being approved). A lower hurdle "reasonably possible" is used for determining if an item should be included in specific fiscal risks.

49. We consider that, despite the considerable uncertainty, we have sufficient information – s9(2)(k) – to make an informed estimate, and to update this estimate as information improves.
50. The Treasury has a responsibility to apply its best professional judgement, and we can be certain that there is going to be a cost greater than zero. The Treasury's general approach to forecasting is to prepare the most likely, mid-range scenario. We consider that we have achieved this for pay equity through our choice of assumptions:

s9(2)(k)

Is there sufficient certainty to include

s9(2)(k)

in the Treasury's estimates?

s9(2)(k)

Why is the Treasury not reflecting a role for

s9(2)(k)

s9(2)(k)

s9(2)(k)

Risks

66. There is a risk that disclosing the estimated cost of pay equity settlements in HYEPU could result in a material loss of value to the Government or materially compromises the Government in negotiations.
67. We intend to manage this risk by taking the same approach as previous forecast rounds – s9(2)(k)

s9(2)(k)

s9(2)(k)

Next Steps

69. The Treasury will be completing its preliminary economic forecasts during the week beginning 30 September 2019.
70. If you have any additional information for the Treasury to consider for inclusion in the calculation, this information would need to be provided to the Treasury by Tuesday, 1 October 2019. As the preliminary economic forecasts are due to be finalised on 3 October 2019, any subsequent changes to the estimated cost of pay equity would need to be made for the final economic forecasts in November.
71. We will provide you with a report on 17 October 2019, which will incorporate the impact of the updated pay equity cost estimate on key economic variables.

p13 redacted under s9(2)(k)