



CABINET FEES FRAMEWORK REQUEST – Waka Kotahi NZ Transport Agency, Civil Aviation Authority, Aviation Security Service, Maritime New Zealand, Medical Conveners, Ministry of Transport Risk and Assurance Committee

Date:	25 August 2023		
To:	Hon Andrew Little, Minister for the Public Service		
Action Sought:	Sign and send the attached letter to the Minister of Transport.	Due Date	28 August 2023
Report No:	2023-0251		
Contact:	Robert Anderson, Director, System and Agency Performance, Ph: 9(2)(a) privacy		
Encl:	Yes	Priority:	Medium
Security Level:	IN CONFIDENCE		

Executive Summary

1. The Minister of Transport is seeking your support for fee increases for boards for which they are responsible.
2. The Minister of Transport (the Minister) proposes a 10 percent fee increase for the boards of Waka Kotahi NZ Transport Agency, Civil Aviation Authority, Aviation Security Service, Maritime New Zealand, as well as the Medical Conveners and the Ministry of Transport's Risk and Assurance committee (collectively, the 'transport boards').
3. In his letter to you, the Minister notes that members' fees for the transport boards have not been reviewed or increased for several years, while the scope of responsibility for board members has increased significantly since fees were last reviewed. The Minister also notes significant recruitment and retention risks, with higher fees needed to attract suitably high calibre directors who possess the necessary skills and subject matter expertise to govern effectively.
4. Given these pressures, and considering the current fiscal environment, the Minister has recommended a modest 10 percent increase in members fees for these boards which would all remain within the relevant fee ranges for their classification under the Cabinet Fees Framework apart from Aviation Security Service which remains below the range.
5. Te Kawa Mataaho (the Commission) agrees that a 10 percent increase to these boards' fees is modest and justified. We also note that for Waka Kotahi, Civil Aviation Authority, Aviation Security Services, Maritime New Zealand and the Ministry of Transport's Risk and Assurance Committee, a 10 percent fees increase is within the fee range set out in the Cabinet Fees Framework, with the exception of the Medical Conveners Board which has a standing exception, agreed by Cabinet in 2002.
6. The Commission considers the proposal put forward by the Minister is justified and recommends you support the Minister's requests. It is recommended that you agree to sign and send the attached letter supporting this proposal.

Recommended Action

We recommend that you:

a **agree** to support the Minister of Transport's proposal to pay an exceptional fee of 10 percent to board members of


- I. Waka Kotahi NZ Transport Agency Agree, disagree
- II. Civil Aviation Authority Agree, disagree
- III. Aviation Security Service Agree, disagree
- IV. Maritime New Zealand Agree, disagree
- V. Medical Conveners Agree, disagree
- VI. Ministry of Transport's Risk and Assurance Committee Agree, disagree

b **sign** the attached letter to the Minister of Transport

Agree, disagree

c **agree** that Te Kawa Mataaho release this briefing in full once it has been considered by you.

Agree, disagree



Hon Andrew Little
Minister for the Public Service
28/8/23

I appreciate that this is a request for a modest increase in board fees but the note shows fees for most of these boards have not increased for some years. In the case of Waka Kotahi, this entity has significant responsibilities both in financial value and strategic importance. I would have thought a first principles review of fees for this board and possibly CAA and Maritime NZ is warranted.

Andrew
28/8/23

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Purpose of Report

7. This briefing is in response to a request from the Minister of Transport seeking your support for fee increases for the boards of Waka Kotahi NZ Transport Agency, Civil Aviation Authority, Aviation Security Service, Maritime New Zealand, Medical Conveners and the Ministry of Transport's Risk and Assurance Committee.

Context

8. You have received a request from the Minister of Transport seeking fee increases of 10 percent for members of boards for which they are responsible.
9. These boards are Waka Kotahi NZ Transport Agency, Civil Aviation Authority, Aviation Security Service, Maritime New Zealand, Medical Conveners and the Ministry of Transport's Risk and Assurance Committee.
10. Under the Cabinet Fees Framework, Ministers seeking fee increases for board members between five to 10 percent require support from you as the Minister for the Public Service.
11. An overview of the Minister's proposal is set out in the section below. Te Kawa Mataaho (the Commission) advice and an assessment of the rationale for these fee exceptions is also set out below.

Minister's proposals

12. The Minister of Transport (the Minister) proposes a 10 percent fee increase for the boards of Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority, Aviation Security Service, Maritime New Zealand, as well as the Medical Conveners and the Ministry of Transport's Risk and Assurance committee (collectively, the 'transport boards').
13. The rationale for this is that member fees for these transport boards have not been increased for several years, while the scope of responsibility for board members has increased significantly since fees were last reviewed. The Minister also notes significant recruitment and retention risks, with higher fees needed to attract suitably high calibre directors who possess the necessary skills and subject matter expertise to govern effectively.
14. The Minister also notes that transport board members are not adequately compensated for the risks they take on when agreeing to serve on these boards. The Minister notes the regulatory failure at Waka Kotahi and the organisational culture of the Civil Aviation Authority as examples of these risks.
15. The proposed increases, and the date each boards' fees were last adjusted, are set out in the table below.

Table One: Proposed increases by the Minister of Transport for transport boards

Board Classification	Last fee adjustment (approximate)	Cabinet Fees Framework range	Current Fees	Proposed 10% increase
Waka Kotahi NZ Transport Agency Group 3a, Level 1	2015/16 financial year	\$40,596 - \$90,123 (Chair) \$20,295 - \$44,655 (Members)	\$71,400 (Chair) \$44,625 (Deputy) \$35,700 (Members)	\$78,540 \$49,088 \$39,270
Civil Aviation Authority Group 3a, Level 4	2013/14 financial year	\$28,655 - \$40,117 (Chair) \$14,328 - \$20,251 (Members)	\$33,600 (Chair) \$18,750 (Deputy) \$15,000 (Members)	\$36,960 \$18,750 \$16,500
Aviation Security Service ¹ Group 3a, Level 4		\$28,655 - \$40,117 (Chair) \$14,328 - \$20,251 (Members)	\$15,000 (Chair) \$10,625 (Deputy) \$8,500 (Members)	\$18,700 \$11,688 \$9,350
Maritime New Zealand Group 3a, Level 3	2008/9 financial year	\$31,042 - \$53,730 (Chair) \$15,521 - \$26,829 (Members)	\$39,000 (Chair) \$24,375 (Deputy) \$19,500 (Members)	\$42,900 \$26,813 \$21,450
Medical Conveners Group 4, Level 2	2015	\$693 - \$1,018 per day	\$1,375 per day (agreed standing exception)	\$1,513
MOT Risk and Assurance Committee Group 4, Level 1	2018/19 financial year	Up to \$1,430 per day for the Chair and \$1,195 per day for members.	\$1,236 (Chair) \$1,030 (Member)	\$1,360 \$1,133

Our advice

16. The Commission notes the Minister's rationale for seeking a fee increase for the transport boards and agrees that a 10 percent increase to member fees is modest given the circumstances. We note, in particular, the time that has elapsed since many of the transport boards fees were last adjusted and the significant increase in responsibilities and complexity faced by board members during this period.
17. In addition, the Commission acknowledges the significant growth in entity revenue, assets and workforce for Waka Kotahi, Civil Aviation Authority, Aviation Security Service and Maritime New Zealand since fees were last adjusted.
18. We note that the proposed fee increases for the boards of Waka Kotahi, Civil Aviation Authority, Aviation Security Service, Maritime New Zealand and the Ministry of Transport's Risk and Assurance

Committee are all within the fee range for the relevant classification as set out in the Cabinet Fees Framework (CFF).

19. The proposed fees increase for the board of the Medical Conveners is above the range set out in the CFF as per a standing exception agreed by Cabinet in 2002. We believe a 10 percent increase is justified for this group.
20. Taking this information into account, the Commission's view is that a 10 percent increase for all transport boards is justified.

Risks

21. There are no significant risks arising with the proposals considered in this paper.

Next Steps

22. It is recommended that you sign and send the attached letter to the Minister of Transport advising your support to increase board members' fees by 10 percent for all of the transport boards.
23. If you agree, the Commission will proactively release this briefing in full once considered by you.