



Proactive Release

The following documents have been proactively released by the Department of the Prime Minister and Cabinet (DPMC) on behalf of the Prime Minister, Rt Hon Chris Hipkins:

Refresh of the Government's Priorities: Tranche Two Decisions

The following documents have been included in this release:

Title of paper: Refresh of the Government's Priorities: Tranche Two Decisions
(CAB-23-SUB-0080)

Title of minute: Refresh of the Government's Priorities: Tranche Two Decisions
(CAB-23-MIN-0080)

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Key to redaction code:

- Section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials.

Office of the Prime Minister

Cabinet

REFRESH OF THE GOVERNMENT'S PRIORITIES: TRANCHE 2 DECISIONS

Proposal

1. This paper seeks agreement to a second set of decisions as part of our three-stage prioritisation process.

Summary

2. Responding to the cost-of-living crisis is our Government's most immediate priority. This is part of a broader shift towards the issues of most concern to New Zealanders: the economy, education, health, housing, keeping communities and businesses safe, and action on climate change. To that list we must now add the recovery effort from recent extreme weather events.
3. The long-term goal of moving towards a high-wage, low-emissions economy that provides economic security in good times and bad remains unchanged. Our near-term focus is on the most immediate challenges to that goal.
4. To that end, in this paper I propose reprioritisation of some major work programmes across a range of portfolios. These are:
 - a. Defer ongoing work on the Container Return Scheme until the next term (Environment)
 - b. Defer the March 2023 report-back on the second part of the alcohol reforms to April 2024 (Justice)
 - c. Slow down work on legislation to lower the voting age to 16 and narrow it to local elections only (Justice / Local Government)
 - d. Narrow the Speed Management Programme to the most dangerous roads, and improve Waka Kotahi's public consultation on proposed state highway speed limit changes (Transport)
 - e. Stop the Social Leasing Scheme trials and explore other options for improving the equity in the transition to a low-emissions vehicle fleet (Transport)
 - f. Stop the Clean Car Upgrade scheme and return the funds appropriated for it (Transport)
 - g. Focus the target for reducing light vehicle transport on the main urban centres where there are more alternatives to car use (Transport), and
 - h. Defer public consultation on introducing a new legislative test of employment status for contractors until next term (Workplace Relations and Safety).
5. We will continue to use the Cabinet Priorities Committee to monitor progress against our refreshed priorities.

Background

6. The decisions I am seeking in this paper build on the first phase of reprioritisation decisions that was focused on five major projects [CAB-23-MIN-0019].
7. This paper is part of the second phase of the reprioritisation process.
8. In addition, I have invited ministers to write to me with their portfolio priorities. I then plan to meet with each of you and confirm by letter the priorities I want you to advance for the rest of this calendar year. That process, together with decisions on Budget 2023 initiatives and the legislative programme, forms the third phase.
9. Though this special reprioritisation process has just these three phases, my expectation is that Ministers will continue to prioritise within their own work programmes, including by rescoping plans and amending policy as necessary. We must ensure that we remain a government that is focused on effective and timely delivery on the issues of greatest importance to New Zealanders.

Reprioritisation Proposals

Defer ongoing work on the Container Return Scheme (Environment)

10. In November 2022, Cabinet agreed to implement a New Zealand Container Return Scheme, following public consultation on proposals [ENV-22-MIN-0057]. The scheme would have put a refundable deposit of 10 or 20 cents on the cost of a broad range of recyclable drink containers from 2026. The goal was to increase recycling rates from the present estimate of 45 percent to reach at least the Australian average of 65 percent. It would have also reduced public litter and pressures on landfills.
11. The scheme's benefits outweigh its costs, but it would cost the average household \$56 a year, while the benefits are more diffuse. Now is not the time to be imposing new costs on households. The Labour Party's 2020 Election Manifesto noted a commitment to investigate a container return scheme. This commitment has been met. I propose that we reconsider next term when the right time might be to introduce it.

Defer the March report back on the second part of the alcohol reforms to April 2024 (Justice)

12. In December 2022, the Minister of Justice introduced the Sale and Supply of Alcohol (Community Participation) Amendment Bill to improve local participation in alcohol licensing processes. The bill has had its first reading, and the select committee report is due by 13 June 2023. The Government intends to pass the bill this term.
13. Further alcohol reforms are being explored. These could include matters related to pricing, sponsorship and advertising that could be both controversial and complex. Minimum pricing, for example, would increase the unit price of some alcoholic beverages, when we are aiming instead to reduce what New Zealanders pay for their weekly shop. Restrictions on sponsorship could have negative effects on grassroots sports teams and restrictions on advertising and pricing could have consequences for supermarkets and for smaller local businesses.
14. Further alcohol reforms are not the top priority in the Justice portfolio for now, and so I recommend the current March 2023 report-back is deferred until April 2024.

Slow down work on legislation to lower the voting age to 16 and narrow it to local elections (Justice / Local Government)

15. In response to the Supreme Court's Declaration of Inconsistency, officials were tasked to report back to Cabinet in the first quarter of 2023 with legislation to lower the voting age in general elections and in local body elections. Given the changed context, in particular needing to respond to a national emergency, I propose that we reconsider the timing of that legislation.
16. There are several important processes already running that will be relevant to the debate. In particular:
 - The Justice Select Committee is scheduled to report on the Supreme Court's Declaration of Inconsistency by 19 May 2023. A government response is due by 12 June 2023, unless extended by agreement of the Business Committee. Following the presentation of the government response, a debate in the House will take place on the Declaration itself, the select committee report, and the government response.
 - The Future for Local Government review will deliver its final report in June, including views on the age for voting in local elections.
 - The Independent Electoral Review will complete its work in November this year, including advice on the voting age for general elections.
17. Lowering the voting age in general elections also needs wider support in the House. I therefore propose that we focus our efforts on the voting age in local elections, and aim to release an exposure draft for wider political consultation this term.
18. The work by officials has revealed some complex practical and operational issues associated with building a new electoral roll for 16 and 17-year olds, and some implications for the workload of the Electoral Commission as well as local authorities. Initial advice from officials and the Electoral Commission is that lowering the age in time for the 2028 local elections is more feasible to implement than for the 2025 round. And, for good reasons, it is usual to move cautiously on electoral matters.

s9(2)(f)(iv)

Refocusing the Transport work programme

21. Although we are now mostly through the emergency response to the recent severe weather events, it is critical that our transport agencies, particularly Waka Kotahi, remain focused on what will be a long process of recovery and reconstruction.
22. I propose to rescope several elements of the transport work programme to support this focus.

Narrow the Speed Management Programme to the most dangerous roads and improve Waka Kotahi's public consultation (Transport)

23. We have agreed a better framework for setting and reviewing speed limits on state highways and local roads. Road Controlling Authorities (Waka Kotahi for state highways, and councils for local roads) are developing speed management plans in accordance with the Land Transport Rule that we put in place.
24. Since this is the first set of these plans, proposed changes to speed limits could be reasonably extensive. So, as well as the need to focus Waka Kotahi on recovery efforts, we need to ensure that the implementation of this new framework does not get ahead of the social licence for it. Consultation and engagement with local communities needs to be meaningful.
25. I propose that Waka Kotahi start by reducing speed limits on those corridors with the highest number of deaths and serious injuries where there is community support for change, and roads near schools and marae, and in townships that State Highways transit. In practice, this would involve asking Waka Kotahi to focus speed reviews on the most dangerous one per cent of state highways, and to make targeted changes to speeds around schools, marae and in relevant towns.
26. I also propose to invite the Minister of Transport to direct Waka Kotahi to improve its consultation practices in setting and resetting of speed limits. That will include responding more directly to feedback from affected communities, and a requirement to demonstrate how that feedback has been addressed.
27. There may need to be adjustments to Land Transport Rules to make this policy change operative. I therefore propose that the Minister of Transport, in consultation with my office, is delegated authority to make these decisions.

Stop the Social Leasing Scheme trials and explore other options for improving the equity in the transition to a low-emissions vehicle fleet (Transport)

28. The social leasing scheme sought to deliver access to low emissions vehicles to lower income New Zealanders. Implementing the trials has proved logistically challenging due to complex procurement arrangements and the impacts of the extreme weather on several of the communities where it was proposed to trial the scheme.
29. Accordingly, I propose that work on the scheme is ended and that the money allocated to it is returned. As at the end of February 2023, \$913,000 has been spent on the scheme. The remaining \$19.08 million will be returned.

s9(2)(f)(iv)

Stop the Clean Car Upgrade scheme (Transport)

31. The Clean Car Upgrade proposed to enable low and moderate-income households to scrap their older, less-safe, higher-emitting vehicles in return for a grant that could be spent on a low emissions vehicle, public transport passes or e-bikes.
32. Implementing the trials, particularly in Auckland and Tairāwhiti, has proven difficult. I propose that work on the scheme is stopped and that the money allocated to it is returned. So far \$726,000 has been spent on the scheme. The remaining \$568 million

will be returned. The large amount of funding allocated reflected ambitious goals for expansion of the scheme if the trials were successful.

Focus the target for reducing light vehicle transport on the main urban centres (Transport)

33. Reducing the amount of travel by light vehicles is an important element of our Emissions Reduction Plan. We have set a nationwide target of a 20 percent reduction in kilometres travelled by light vehicles by 2035 relative to the current projection for that year.
34. The Tier 1 Major urban areas (Auckland, Hamilton, Tauranga, Wellington, and Christchurch) are expected to contribute the vast majority of that change. The impost outside of Tier 1 areas, places that generally lack widespread or effective public transport, is disproportionate to the scale of the benefit. Some of these areas have also seen impacts from recent severe weather events. I therefore propose to remove this target for those areas.
35. All Tier 2 urban areas will need to develop plans and programmes in future to meet the national 2035 target, but officials advise that it is workable to initially proceed with setting targets for Tier 1 areas only. However, if any Tier 2 urban areas (eg, Dunedin, Queenstown, Palmerston North, Rotorua, New Plymouth) are keen to proceed with targets and plans on a faster track, the Ministry of Transport will support them to do so.

Defer public consultation on introducing a new legislative test of employment status for contractors until next term (Workplace Relations and Safety)

36. While we had committed to make progress on this issue in our manifesto, the Employment Court found in October last year that four Uber drivers were employees rather than contractors. With Uber's appeal on this decision outstanding, it could be some time until the legal position is clear. Instead of continuing with the proposed public consultation on a new test of employment status (as well as other proposals), I propose that we put that work on hold until the decision of the Courts is clear.
37. This will enable a continued focus on priorities like the successful rollout of Fair Pay Agreements, as that policy moves into the delivery phase.

Financial implications

38. The proposals in this paper will give us more fiscal headroom to pursue our priorities in the upcoming Budget.
39. I propose to invite the Minister of Finance to include the consequential financial implications of these decisions in the Budget 2023 Cabinet paper.

Legislative implications

40. The proposals in this paper will inform our legislative priorities.

Impact analysis

Regulatory Impact Statement

41. Regulatory impact statements or business cases for the initiatives proposed for reprioritisation were prepared at the time of policy decisions.

Climate Implications of Policy Assessment

42. The climate implications of these policies were considered at the time of initial decisions. The decision to focus the targets for reduction in light vehicle usage first on Tier 1 urban areas could have some impact on the achievement of our Emissions Reduction Plans in transport.

Population implications

43. Our focus on responding to the cost-of-living will benefit all New Zealanders.

Human Rights

44. There are no direct implications from these proposals for the New Zealand Bill of Rights Act or the Human Rights Act.

Consultation

45. This paper was drafted by officials in the Department of the Prime Minister and Cabinet. Affected departments were advised of these initiatives. Ministers responsible for these initiatives have been consulted.

Communications

46. I will announce today's decisions over the coming days.

Proactive Release

47. I intend to proactively release this paper and the Cabinet minute, subject to any necessary redactions, within 30 business days of Cabinet's decisions.

Recommendations

The Prime Minister recommends that Cabinet:

1. Note that reprioritisation of existing projects will enable the Government to focus more directly on the issues of most concern to New Zealanders;

Container Return Scheme

2. Agree to defer ongoing work on the Container Return Scheme and reconsider next term when the right time might be to introduce it;

Alcohol Reforms

3. Note that in December 2022, the Government introduced the Sale and Supply of Alcohol (Community Participation) Amendment Bill to improve local participation in alcohol licensing decisions;

4. Defer the report back due this month to the Cabinet Social Wellbeing Committee on a second phase of alcohol policy reform to April 2024;

Voting Age

5. Note that in November 2022, in response to the Supreme Court's Declaration of Inconsistency, Cabinet agreed that legislation be prepared to lower the voting age to 16 for general and local elections, for Parliament's consideration [CAB-22-MIN-0529];

6. Note that the required statutory and parliamentary process for responding to the Supreme Court's Declaration of Inconsistency is underway;
7. Note that lowering the voting age to 16 for general elections requires the support of at least 75 percent of the House, or a successful binding referendum, due to the entrenched provisions of the Electoral Act 1993;
8. Note that lowering the voting age to 16 for local elections requires a regular majority in the House, through amendment to the Local Electoral Act 2001;
9. Agree that given the changed context, including the need to respond to a national emergency, that the Government focuses its legislative response to the Supreme Court's Declaration on lowering the voting age for local elections only;

s9(2)(f)(iv)

Transport reprioritisation

13. Agree to narrow the focus of the Speed Management Programme to the most dangerous one percent of state highways, and make targeted changes to speeds around schools, marae and in townships that State Highways transit.
14. Delegate to the Minister of Transport, in consultation with my office, the authority to make changes to the relevant Land Transport Rules if necessary to effect the previous recommendation;
15. Invite the Minister of Transport to instruct Waka Kotahi to improve its consultation practices in setting and resetting of speed limits, including by responding more directly to feedback from affected communities, and demonstrating how that feedback has been addressed;
16. Agree to stop work on the existing Social Leasing Scheme trials;

s9(2)(f)(iv)

18. Agree to stop the Clean Car Upgrade scheme;
19. Focus the target for reducing light vehicle transport use to Tier 1 urban centres (Auckland, Hamilton, Tauranga, Wellington, Christchurch) initially;
20. Note that if any Tier 2 urban areas wish to proceed with targets on a faster track, the Ministry of Transport will support them to do so; and

Employment status for contractors

21. Defer public consultation on introducing a new legislative test of employment status for contractors until next term;

Other matters

22. Invite the Minister of Finance to include the consequential financial implications of these decisions in the Budget 2023 Cabinet paper; and
23. Agree that the Prime Minister will announce today's decisions.

Authorised for lodgement

Rt Hon Chris Hipkins
Prime Minister

Proactively Released



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Refresh of the Government's Priorities: Tranche Two Decisions

Portfolio Prime Minister

On 13 March 2023, Cabinet:

Background

- 1 **noted** that reprioritisation of existing projects will enable the Government to focus more directly on the issues of most concern to New Zealanders;

Container Return Scheme

- 2 **agreed** to defer ongoing work on the Container Return Scheme and reconsider the matter next term when it might be the right time to introduce it;

Alcohol Reforms

- 3 **noted** that in December 2022, the Government introduced the Sale and Supply of Alcohol (Community Participation) Amendment Bill to improve local participation in alcohol licensing decisions;
- 4 **agreed** to defer the report back due March 2023 to the Cabinet Social Wellbeing Committee on a second phase of alcohol policy reform to April 2024;

Voting Age

- 5 **noted** that in November 2022, in response to the Supreme Court's Declaration of Inconsistency, Cabinet agreed that legislation be prepared for Parliament's consideration to lower the voting age to 16 for general and local elections [CAB-22-MIN-0529];
- 6 **noted** that the required statutory and parliamentary process for responding to the Supreme Court's Declaration of Inconsistency is underway;
- 7 **noted** that lowering the voting age to 16 for general elections requires the support of at least 75 percent of the House, or a successful binding referendum, due to the entrenched provisions of the Electoral Act 1993;
- 8 **noted** that lowering the voting age to 16 for local elections requires a regular majority in the House, through amendment to the Local Electoral Act 2001;

- 9 **agreed** that, given the changed context, including the need to respond to a national emergency, the Government focuses its legislative response to the Supreme Court's Declaration on lowering the voting age for local elections only;

s9(2)(f)(iv)

Transport reprioritisation

- 13 **agreed** to narrow the focus of the current Speed Management Programme to the most dangerous one percent of state highways, and make targeted changes to speeds around schools, marae, and in townships that State Highways transit;
- 14 **authorised** the Minister of Transport, in consultation with the Prime Minister's office, to make changes to the relevant Land Transport Rules if necessary to effect the decision in paragraph 13;
- 15 **invited** the Minister of Transport to instruct Waka Kotahi to improve its consultation practices in setting and resetting of speed limits, including by responding more directly to feedback from affected communities, and demonstrating how that feedback has been addressed;
- 16 **agreed** to stop work on the existing Social Leasing Scheme trials;

s9(2)(f)(iv)

- 18 **agreed** to stop the Clean Car Upgrade scheme;
- 19 **agreed** to focus the target for reducing light vehicle transport use to Tier 1 urban centres (Auckland, Hamilton, Tauranga, Wellington, Christchurch) initially;
- 20 **noted** that if any Tier 2 urban areas wish to proceed with targets on a faster track, the Ministry of Transport will support them to do so;

Employment status for contractors

- 21 **agreed** to defer public consultation on introducing a new legislative test of employment status for contractors until next term;

Other matters

- 22 **invited** the Minister of Finance to include the consequential financial implications of the decisions in the paper under CAB-23-SUB-0080 in the Budget 2023 Cabinet paper;

23 **agreed** that the Prime Minister will announce the decisions in the paper under CAB-23-SUB-0080.

Rachel Hayward
Secretary of the Cabinet

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