

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT HĪKINA WHAKATUTUKI

| Ministers | Hon Nicola Willis | Portfolio | Finance |
|---------------------------|---|----------------------|------------------------------------|
| | Hon Simeon Brown | _ | State Owned Enterprises |
| | Hon Dr Shane Reti | | Science, Innovation and Technology |
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| | Implementation Matters | and the Treasury |
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| 9 April 2025 | Letter to MetService | Hon Simon Brown |
| 9 April 2025 | Letter to NIWA | Hon Dr Shane Reti |

Information redacted

YES / NO (please select)

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The term "officials" used throughout the material refers to MBIE and Treasury. Other agencies are specifically named.

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Hon Simeon Brown

Minister of Health Minister for State Owned Enterprises Minister for Auckland



0 9 APR 2025

Paula Jackson Chair Meteorological Service of New Zealand Limited Privacy of a natural person

Dear Paula

CABINET DECISIONS ON CHANGES TO THE WEATHER FORECASTING SYSTEM

I am writing on behalf of shareholding Ministers regarding the recent Cabinet decisions on changes to the Weather Forecasting System (WFS), including NIWA acquiring MetService as a wholly-owned subsidiary. This decision reflects the Government's commitment to ensuring New Zealand is equipped to respond to evolving weather-related challenges while enhancing public wellbeing, protecting infrastructure and property, and contributing to economic growth.

Cabinet has approved the transition to achieve a better science to operations pathway through the integration of meteorology, climate science, hydrology, and oceanography. The reintegration is designed to create a more cohesive and collaborative system that:

- strengthens New Zealand's ability to mitigate complex weather-related challenges,
- enhances weather forecasting services, and
- supports effective decision making during severe weather events.

This transition is a pivotal step towards strengthening New Zealand's WFS.

The integration is taking place alongside proposed system-wide reform of the science, innovation and technology (SI&T) sector. The transition is positioned to align with the wider SI&T reforms, but we recognise this alignment represents both opportunities and complexities. Regular communication and collaboration will be essential, and Ministers will provide guidance where necessary.

Transition and collaboration expectations

The reintegration of weather forecasting services is not intended as a simple 'lift and shift' process. Instead, we envisage a strategic flow of capabilities, where synergies can be achieved. For example, operational capabilities, assets and services that enhance MetService's core functions may shift from NIWA to MetService, while back-office or other shared functions may transition in the opposite direction to streamline efficiencies.

Over the next three years we expect the transition will deliver efficiencies, some of which will be realised quickly and others in the more medium term. We expect any financial gains from those efficiencies to be applied to improving the weather forecasting system and to any technical deficits. Changes and investments should always be directed to strengthening the overall WFS service offering.

We also emphasise the importance of fostering a shared culture between MetService and NIWA, which requires a focus on common goals and a shared vision for an improved weather forecasting system. In addition, we expect that all Treaty of Waitangi obligations are understood, monitored and upheld throughout the process.

Financial expectations

The financial obligations of MetService and NIWA remain unchanged. We expect MetService to:

- Maintain a focus on commercial revenue streams and delivery of existing contracts.
- Generate an adequate rate of return to remain financially sustainable and enable reinvestment in future capital needs.
- Deliver on Government priorities related to the WFS, ensuring public good outcomes remain a priority alongside financial performance.

For the first three years following the transition, Cabinet has determined that any efficiency savings from MetService as a subsidiary of NIWA derived from the acquisition will be reinvested in improving the WFS. We expect you to work with officials to develop a clear and equitable methodology for implementing the reinvestment.

Continuity and future integration

Ensuring the continuity of New Zealand's WFS remains paramount. As the New Zealand's single, authorised public voice for severe weather forecasting messaging, MetService must remain operationally robust, with its infrastructure and capabilities fully maintained during and after the transition. We also expect you to continue to work with NIWA collaboratively leading up to and during the transition to ensure a connected WFS at all times.

Given the wider sector changes, we would expect MetService and NIWA to consider assessing the merits of a full amalgamation and, if appropriate, after the first three years of MetService operating as a subsidiary, make a robust amalgamation proposal to shareholding Ministers for review and approval before proceeding. Shareholding Ministers remain interested in the outcomes of MetService.

Data access and transparency

We acknowledge and support your proposed improvements to data access, including the creation of a single access platform and broadening the range of weather data available. To promote transparency, under the new legislation you will be required to publish your observational weather data access policies on your websites.

Response

To support the successful transition and ensure Ministers have oversight of progress, we request that you provide a comprehensive response to this letter by 30 May 2025. The response should include:

- A clear vision for the integration, detailing the key benefits expected to be realised over the next three years.
- Baselines and metrics for measuring benefit realisation, including improvements to service delivery, efficiencies gained, and how these improvements will support New Zealand's WFS.
- A detailed plan for enhancing data access, including timelines and specific actions to achieve the proposed improvements.

Your response will form the basis for evaluating the progress and outcomes of the integration.

Final remarks

Finally, I would like to express my appreciation for the significant contributions made by MetService to date and thank you for your ongoing dedication as we embark on the next phase. If you require further detail in respect of my expectations, please contact my officials.

Yours sincerely

J-B-

Hon Simeon Brown Minister for State Owned Enterprises

cc Hon Dr Shane Reti, Minister of Science, Innovation and Technology Stephen Hunt, Chief Executive, MetService, stephen.hunt@metservice.com Barry Harris, Chair, NIWA, Privacy of a natural person