



COVERSHEET



Ministers	Hon Nicola Willis	Portfolio	Finance
	Hon Simeon Brown		State Owned Enterprises
	Hon Dr Shane Reti		Science, Innovation and Technology
Title of Cabinet paper	Weather Forecasting System Implementation Recommendations	Date to be published	27 June 2025

List of documents that have been proactively released

Date	Title	Author
March 2025	Weather Forecasting System Implementation Recommendations	Office of the Minister of Science, Innovation and Technology
April 2025	Cabinet minute: ECO-25-MIN-0025.1	Cabinet Office
March 2025	Weather Forecasting System Implementation Recommendations Regulatory Impact Statement	Ministry of Business, Innovation and Employment
11 December 2025	Briefing REQ-0005324/T2024/3355: Weather Forecasting System – Final Decisions and Implementation Matters	Ministry of Business, Innovation and Employment and the Treasury
30 January 2025	Briefing REQ-0008086: Weather Forecasting Cabinet Paper	Ministry of Business, Innovation and Employment
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)*

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of confidential advice to government, protecting privacy of an individual, commercial information, free and frank opinions and legal professional privilege.

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



Joint Report: Weather Forecasting System Changes - Final Decisions and Implementation Matters

Date:	11 December 2024	Report No:	REQ-0005324; Treasury T2024/3355
		File Number:	SE-2-10-2-2

Action sought

	Action sought	Deadline
Minister of Finance (Hon Nicola Willis)	Agree to the recommended changes to the weather forecasting system. Consider the attached draft Cabinet paper.	21 January 2025
Minister for State Owned Enterprises (Hon Paul Goldsmith)		
Minister of Science, Innovation and Technology (Hon Judith Collins KC MP)		
Minister for Emergency Management and Recovery (Hon Mark Mitchell)	Note the recommendations in this paper.	21 January 2025
Associate Minister of Transport (Hon Matt Doocey)		
Associate Minister of Finance (Hon David Seymour)		
Minister of Commerce and Consumer Affairs (Hon Andrew Bayly)	Agree to the recommendation to exempt the acquisition of MetService by NIWA from the Commerce Act 1986 and for a Bill to that end.	21 January 2025

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Olivia Paterson	Principal advisor, Commercial and Institutional Performance	Privacy of a natural person (wk)	Privacy of a natural person (mob)	✓
Lars Piepke	Manager, Commercial and Institutional Performance	Privacy of a natural person (wk)	Privacy of a natural person (mob)	
Andrew McLoughlin	Principal, Science, Innovation and Technology, Entity Performance and Monitoring	N/A	Privacy of a natural person (mob)	✓
Nicola Scott	Manager, Science, Innovation and Technology, Entity Performance and Monitoring	N/A	Privacy of a natural person (mob)	

Minister's Office actions (if required)

Return the signed report to the Treasury and the Ministry of Business, Innovation and Employment.	
Note any feedback on the quality of the report	

Enclosure: No

Joint Report: Weather Forecasting System Changes - Final Decisions and Implementation Matters

Purpose of report

1. To seek final decisions on the acquisition of Meteorological Service of New Zealand Limited (MetService) by the National Institute of Water and Atmospheric Research Limited (NIWA).

Background

2. On 23 September 2024 Cabinet agreed, in-principle, for NIWA to acquire MetService as a wholly-owned subsidiary, subject to further work on options for more open weather data access arrangements, fiscal implications, and on other implementation matters, (CAB-24-MIN-0369 refers). This report provides advice on:
 - a. The shape of the transaction, using a fiscally neutral mechanism, and need for legislation to remove MetService from the State-Owned Enterprises Act 1986 (SOE Act)
 - b. Seeking a statutory exemption to the Commerce Act 1986 for the transaction, in parallel with increased ministerial oversight of data access arrangements
 - c. Seeking delegated authority to further clarify and develop policy and technical matters during the legislative drafting process
 - d. Fiscal Implications, Treaty of Waitangi obligations, Communications and Consultation
 - e. Science Innovation and Technology Reforms workstream integration issues, and next steps working towards final Cabinet decisions in February or March 2025.

NIWA acquiring MetService as a wholly-owned subsidiary

3. The acquisition transaction will involve NIWA purchasing all of the shares in MetService from MetService's shareholders, being the Minister of Finance (MoF) and the Minister for State-Owned Enterprises (MSOEs). MetService would then become a wholly-owned subsidiary of NIWA. Officials consider the acquisition can be sustained financially by both organisations.
4. We recommend the transaction value be set at the value of the Crown's initial equity investment in MetService as reflected in Vote Finance (\$5.0 million), using a fiscally neutral mechanism (see paragraphs 19-22).
5. The transaction will require a decision from shareholding Ministers on legislation to remove MetService from the State-Owned Enterprises Act 1986 (SOE Act) before it can proceed¹. Free and frank

¹ The State-Owned Enterprises (Meteorological Service of New Zealand Limited and Vehicle Testing New Zealand Limited) Amendment Act 1999, section 3, will then become superfluous and should be repealed.

Competition issues and improvements to weather data access arrangements

6. The acquisition could substantially lessen competition in the weather forecasting and weather data markets in contravention of the prohibition in Part 3 of the Commerce Act 1986 (the Commerce Act). If so, the acquisition can proceed under Part 3 of the Commerce Act only if the Commerce Commission authorises it after determining that public benefits outweigh competition detriments.
7. The Sapere Report identified key public benefits arising from integrating NIWA and MetService: A 'single authoritative voice' for severe weather warnings; improvements to forecasting through integration of the research to operations pathway, and through combining MetService's weather forecasting capabilities and NIWA's hydrology capabilities; and efficiencies through integration of weather observational networks, data management and back-office capabilities.
8. We consider these public benefits to be compelling and recommend creating a statutory exemption to Part 3 of the Commerce Act, essentially transferring responsibility for assessing the appropriate balance between competition and public benefits to the Government.
9. There is precedent for this approach in prior acquisitions (such as the State-Owned Enterprises (AgriQuality Limited and Asure New Zealand Limited) Act 2007). It also reduces timeframes and uncertainty; the Government has a clear interest in securing public safety and broader economic benefits, and shareholding Ministers can mitigate any competition impacts through increased oversight post-acquisition.
10. We propose shareholding Ministers set clear expectations on NIWA and MetService in relation to data access and pricing. These agencies have identified the potential for self-funded steps (to the order of between \$2.0 million to \$2.5 million) to enhance the infrastructure for making data available, increase the range of data available (including rain radar data), and the terms of data access. Officials consider that reasonable improvements to data access arrangements can be secured through further oversight. More ambitious data access options were dismissed due to reliance on additional Crown funding and data sovereignty issues that would need to be fully worked through. We also note that an exemption from the Commerce Act is unlikely to raise concerns relating to New Zealand's international obligations.
11. To mitigate any post-acquisition competition concerns the merged entity's conduct will still be subject to the restrictive trade practices of the Commerce Act. We further recommend that NIWA and MetService report back on their progress on improvements to data access arrangements and pricing three years from the date of acquisition. Officials would then report to shareholding Ministers with advice on any further action required, including whether an independent review of data access settings is needed.

Transitional, enabling, and consequential provisions and delegated authority

12. To ensure the acquisition of MetService does not in itself unduly alter any existing legal obligations, minor transitional, enabling and consequential provisions will be required. For example, this may require provisions to preserve existing arrangements in relation to the Government Superannuation Fund (GSF) and employment contracts.

Delegated authority from Cabinet to agree additional policy and technical matters

13. We recommend shareholding Ministers seek delegated authority from Cabinet to further clarify and develop policy and technical matters consistent with Cabinet's primary decisions for inclusion within legislation. This will allow for flexibility should further issues arise before or during the drafting of the legislation.

Crown Treaty of Waitangi obligations

14. The Crown has Treaty of Waitangi obligations under section 9 of the SOE Act when considering the MetService transaction and removal of MetService from the SOE Act. There is a risk that the Crown may be seen to be lessening its obligations as MetService would no longer be covered by the SOE Act, while section 10 of the Crown Research Institutes Act 1992 (CRI Act) only requires shareholding Ministers to have regard to Treaty of Waitangi principles for transfer of land (or any interests in land)².
15. As this is an intra-Crown transfer, the Crown's overarching Treaty of Waitangi obligations will remain. However, officials have considered whether Māori rights and interests may be affected by the transaction in relation to Treaty principles, which include land held by MetService, existing agreements with Iwi, and Māori data.
16. MetService owns land in Paraparaumu, which has a memorial on the title and is subject to resumption on the recommendation of the Waitangi Tribunal (the Waitangi Tribunal did not consider the transfer of land to MetService at the time was in breach of the principles, and the memorial was relevant to that finding). Although any future sale of land would be covered by the CRI Act, the memorial provisions in the SOE Act only apply to SOEs. Therefore, engagement will be undertaken with the relevant Iwi in early 2025 prior to consideration by Cabinet, with the recommendation that the new legislation ensures the memorial remains in effect. Further work may be required depending on the entity form of NIWA.
17. MetService has existing contractual agreements in place for access to Commercial inf weather stations on Iwi land. These operating agreements have clauses relating to the partnership principle, acting reasonably, honourably, and in good faith. These agreements will remain following the transition and any subsequent changes will be subject to negotiation, and it is expected MetService will engage with relevant Iwi during this transition period.
18. MetService does not hold any Māori data or matauranga Māori, however there are contractual agreements for sharing data with involved Iwi on specific MetService projects, which will remain following the transition.

Fiscal implications and risks

19. Officials recommend that the acquisition transaction be supported by a non-departmental capital Multi-Year Appropriation (MYA) of up to \$5.0 million covering the 2025/26 and 2026/27 fiscal years, so that NIWA may purchase the shares of MetService at the value of the Crown's initial equity investment in MetService, as reflected in Vote Finance. A MYA can accommodate timing uncertainty around the passage of legislation.
20. We also propose funding for the share purchase be provided to NIWA by way of capital injection. This funding will return to the Crown when NIWA pays the Treasury the purchase price for MetService's shares. The net transaction is fiscally neutral.
21. All transaction costs will be met where appropriate by NIWA, MetService, the Ministry of Business Innovation and Employment (MBIE), and the Treasury. Costs of data access improvements will be met by NIWA and MetService.
22. Organisational change inherently involves risk, including cost, disruption and uncertainty for staff, and it is essential that critical capabilities can be maintained and the delivery of essential services continues. Given this, and the extent of possible

² The NZ First-National coalition agreement commits the Government to conducting a comprehensive review of all legislation that includes 'The Principles of the Treaty of Waitangi'.

change within the science system, a Governance oversight Group consisting of representatives from MBIE, Treasury, NIWA and MetService has been set up to oversee the transition and will develop a detailed integration plan to manage risks throughout the process.

Communications

23. If Ministers agree to our recommendations, we will update the communication pack provided to Ministers in September 2024 for the in-principle Cabinet decisions.

Consultation

24. MBIE and the Treasury consulted the following agencies during the preparation of this advice: the Department of the Prime Minister and Cabinet, the Ministry of Transport, the National Emergency Management Agency, the Public Service Commission, the Ministry for Regulation, the Office of Māori-Crown Relations (Te Arawhiti), the Ministry of Foreign Affairs and Trade, NIWA and MetService. All agencies indicate support for the approach or for providing assistance and advice. The Commerce Commission has also been consulted on the transaction and proposed changes to data access arrangements.

Science Innovation and Technology (SI&T) Reforms workstream integration issues and next steps

25. MetService has operated viably as a SOE since 1992. Acquisition as a Crown Research Institute (CRI) subsidiary is a relatively small step in form, given these institutes also operate as companies. However, there are two aspects to the SI&T Reforms still being worked through:
- Whether Cabinet decides to shift newly merged CRIs (in particular the NIWA and GNS merger) from company legal form to Crown Agents
 - The extent of savings (expected to be moderate) being sought from these newly merged entities to fund wider science system reforms.
26. While Crown Agent form might support the broader objectives sought from the reforms, it represents a significant shift for MetService from its current SOE form, is not commonly used for commercial activities, and could pose risks to its management of commercial revenue. If the level of savings sought for the science reforms are material, some form of ringfencing for MetService may be required to preserve the primary intent of the transaction, being enhanced weather forecasting services. The Treasury is currently working through these issues with MBIE and further advice will be provided to Ministers before the Cabinet paper is lodged.

Wider matters and next steps

27. The attached draft Cabinet paper reflects the decisions in this briefing and is provided to seek your feedback earlier in order to allow inter-party and agency consultation to progress in January 2025. This will support final Cabinet decisions in February 2025.
28. If Cabinet agrees, officials will prepare drafting instructions for PCO to draft legislation for approval by the Cabinet Legislation Committee (LEG) with a Confidential advice to Government [REDACTED] (subject to further development and consultation). This will require prioritisation of the Bill by Cabinet on the 2025 Legislation Programme. Officials recommend that the Minister of Science, Innovation and Technology lead development of the Bill with support from MBIE and Treasury.

- 29. Officials will discuss with shareholding Ministers a set of expectations for NIWA and MetService in relation to the acquisition and data access arrangements in due course.
- 30. As MetService will become a wholly owned subsidiary of NIWA post-acquisition, the monitoring of MetService will transfer from Treasury to MBIE.

Recommended actions

a **Note** that on 23 September 2024 Cabinet, agreed in-principle, to NIWA acquiring MetService as a wholly-owned subsidiary, and for further work on options for more open weather data access, implementation matters, monitoring arrangements, and fiscal implications (CAB-24-MIN-0369 refers).

b **Agree** to NIWA acquiring MetService initially as a wholly-owned subsidiary, at the value of the Crown's initial equity investment in MetService as reflected in Vote Finance, being \$5.0 million, subject to Cabinet consideration and approval.

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for State Owned Enterprises

Agree/disagree.
Minister of Science, Innovation and Technology

c **Agree** to retain MetService as a brand as New Zealand's authorised meteorologist, subject to Cabinet consideration and approval.

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for State Owned Enterprises

Agree/disagree.
Minister of Science, Innovation and Technology

d **Agree** to seek Cabinet approval for funding of up to \$5.0 million to provide for the transaction described in recommendation b above

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for State Owned Enterprises

Agree/disagree.
Minister of Science, Innovation and Technology

e **Note** that the acquisition described above will be fiscally neutral as NIWA will return the funding to the Crown through the payment of the purchase price for MetService's shares.

- f **Agree** to improvements to weather data access arrangements, including enhanced infrastructure for making data available, an increase to the range of data available, and the improved terms of data access, the cost of which will be met by NIWA and MetService, and for NIWA and MetService to report on the effectiveness of these arrangements three years after the date of acquisition of MetService.

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for State Owned Enterprises

Agree/disagree.
Minister of Science, Innovation and Technology

- g **Agree** to exempt the acquisition of MetService by NIWA from Part 3 (business acquisitions) of the Commerce Act 1986.

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for State Owned Enterprises

Agree/disagree.
Minister of Science, Innovation and
Technology

Agree/disagree.
Minister of Commerce and Consumer
Affairs

- h **Note** engagement with relevant Iwi will be undertaken on the recommendation that the existing memorial on MetService's land remains in effect, prior to the final Cabinet paper being provided to shareholding Ministers.

- i **Agree** to shareholding Ministers seeking authorisation from Cabinet to further clarify and develop policy, technical, enabling, and consequential matters to be included within legislation, consistent with the policy objectives agreed by Cabinet.

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for State Owned Enterprises

Agree/disagree.
Minister of Science, Innovation and
Technology

- j **Note** that a bid to progress a Bill in 2025 to implement the above decisions will be provided to Ministers in the new year and will require Cabinet agreement.

- k **Agree** that the Minister of Science, Innovation and Technology will lead development of the Bill with officials from both MBIE and Treasury providing support.

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for State Owned Enterprises

Agree/disagree.
Minister of Science, Innovation and
Technology

Agree/disagree.
Minister of Commerce and Consumer
Affairs

- l **Note** that if Ministers wish to progress expedited legislation to implement the above decisions quickly, officials will provide further advice on options to that end.

- m **Note** that the draft Cabinet paper attached will be updated with your feedback and will form the basis of inter-party consultation in January 2025, with a view to seeking final Cabinet decisions in February or March 2025. (A final Regulatory Impact Statement will be submitted to your office along with the final Cabinet paper).

n **Note** that officials will provide further advice on options for ringfencing MetService’s core capabilities and revenue to preserve the primary intent of the transaction, to enhance weather services, before the Cabinet paper is lodged.

Privacy of a natural person



Lars Piepke
Manager, Commercial and Institutional Performance, The Treasury

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Privacy of a natural person



Nicola Scott
Manager, Science, Innovation and Technology, Entity Performance and Monitoring, MBIE

____/____/____

Hon Nicola Willis
Minister of Finance

____/____/____

Hon Paul Goldsmith
Minister for State Owned Enterprises

____/____/____

Hon Judith Collins KC MP
Minister of Science, Innovation and Technology

____/____/____

Hon Mark Mitchell
Minister for Emergency Management and Recovery

____/____/____

Hon Matt Doocey
Associate Minister of Transport

____/____/____

Hon David Seymour
Associate Minister of Finance

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Hon Andrew Bayly
Minister of Commerce and Consumer Affairs

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