



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)*

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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.

In Confidence

Office of the Minister of Finance

Office of the Minister for State Owned Enterprises

Office of the Minister of Science, Innovation and Technology

Cabinet Economic Policy Committee

Weather Forecasting Review Recommendations

Proposal

- 1 This paper seeks agreement for the National Institute of Water and Atmospheric Research Limited (NIWA) to acquire the Meteorological Service of New Zealand Limited (MetService), with MetService being retained as New Zealand's authorised meteorologist. This paper builds on the in-principle decision made on 23 September 2024 (CAB-24-MIN-0369).

Relation to government priorities

- 2 The proposal helps to ensure public services are delivered more efficiently, effectively and responsively.

Executive Summary

- 3 On 17 September 2024, Cabinet Expenditure and Regulatory Review Committee (EXP) agreed in-principle to NIWA acquiring MetService, with MetService being initially retained as New Zealand's authorised meteorologist, subject to further work being completed (EXP-24-MIN-0051). This was confirmed by Cabinet on 23 September 2024 (CAB-24-MIN-0369).
- 4 This paper outlines advice on competition impacts, fiscal implications, data access, Treaty of Waitangi obligations, transitional matters, and legislative implications of the acquisition transaction.
- 5 On 16 December 2024, Cabinet considered changes to the science, innovation and technology (SI&T) system, which included the establishment of four public research organisations (PROs) by merging or repurposing existing Crown Research Institutes (CRIs) [CAB-24-MIN-0504.02 refers]. Cabinet agreed to an earth sciences PRO through merging GNS Science and the National Institute of Weather and Atmospheric Research Limited (NIWA), with MetService as a subsidiary. Cabinet agreed in-principle, subject to more detailed policy work, that PROs will be constituted as Crown agents to give effect to government policy.
- 6 We endorse the recommendation for NIWA to acquire MetService as a wholly-owned subsidiary and support the transaction and legislative changes required to facilitate the transaction, including the Part 3 Commerce Act 1986 exemption, removal of MetService from the State-Owned Enterprises Act 1986 (SOE Act), and other minor enabling, transitional and consequential provisions.

Background

- 7 The Weather Forecasting System Review (WFS Review), completed in 2024, examined arrangements for national weather forecasting services and the optimal institutional settings for New Zealand's current and future needs. To best position New Zealand for the future, the WFS Review recommended an integration of meteorology services with climate science, hydrology, and oceanography through NIWA acquiring MetService as a wholly-owned subsidiary.
- 8 On 17 September 2024, Cabinet agreed in-principle to NIWA acquiring MetService, with MetService being initially retained as New Zealand's authorised meteorologist, subject to further work being completed (EXP-24-MIN-0051). This decision was confirmed by Cabinet on 23 September 2024 (CAB-24-MIN-0369).
- 9 On 16 December 2024, Cabinet considered changes to the SI&T system, which includes the establishment of four public research organisations (PROs) by merging or repurposing existing Crown Research Institutes (CRIs). This included an earth sciences PRO through merging GNS Science and the National Institute of Weather and Atmospheric Research Limited (NIWA), with MetService as a subsidiary. Cabinet agreed in-principle, subject to more detailed policy work, that PROs will be constituted as Crown agents to give effect to government policy.
- 10 In relation to the Weather Forecasting System, further work has subsequently been carried out on data access options, competition impacts, fiscal implications, Treaty of Waitangi obligations, Government Superannuation Fund obligations, funding and monitoring arrangements, and legislative implications of the transaction. Advice on these matters is detailed below.

Analysis

Transaction

- 11 We propose that NIWA acquire all of MetService's shares from its shareholders, being the Minister of Finance and the Minister for State-Owned Enterprises. This would result in MetService becoming a wholly-owned subsidiary of NIWA. This acquisition will ensure minimal disruption and facilitate service continuity.
- 12 We recommend that the transaction value is set to align with the Crown's initial equity investment in MetService, which is reflected in Vote Finance as \$5.0 million. To enable the transaction, we propose a Multi-Year Capital Appropriation (MYA) be approved for the 2025/26 and 2026/27 fiscal years. The value of the appropriation would be returned in full by NIWA for the purchase of MetService's shares.
- 13 To enable the transaction, legislative amendments will be required to remove MetService from the State-Owned Enterprises Act 1986. 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. We recommend that Cabinet agrees to the necessary legislative amendments to permit and enable the acquisition.

Data Access (observational weather data)

- 14 Access to observational weather data is important for participation in the downstream weather forecasting market and to enable broader weather-related research. The WFS Review recommended improvements are made to these data access arrangements.
- 15 NIWA and MetService rely on revenues from their commercial customers to cover a large proportion of the costs they incur in collecting weather data. Going too far on data access, for example, requiring NIWA to release all observational data openly, could put in jeopardy the revenues that are necessary to fund its collection.
- 16 That said, improvements to data access can be made, in line with the recommendations of the Review. In particular, NIWA and MetService will self-fund the development of a single data access platform to increase usability, and a unified set of pricing and access terms to ensure transparency and fairness, as well as increasing the range of data that is made available, including rain radar data. To further enhance transparency, we also recommend that NIWA and MetService are required, by legislation, to publish their weather data access policies on their website
- 17 These enhancements will deliver tangible improvements in data availability and usability. These benefits will have positive implications for a range of groups including for those seeking to make decision associated with climate adaptation.
- 18 Data access will be further considered as part of the PRO establishment considerations, and as part of the proposed post-acquisition report (referred to in para 20). The benefits and costs of any structural segregation of upstream observational weather data collection and downstream weather forecasting services can be considered then too.

Competition issues and Commerce Act obligations

- 19 Part 3 of the Commerce Act 1986 (Commerce Act) prohibits business acquisitions that substantially lessen competition in the marketplace. For the Commerce Commission to evaluate whether a proposed transaction is consistent with competition law it would need to be satisfied the acquisition does not substantially lessen competition (Clearance process) or the public benefits outweigh the competition detriments (Authorisation process). While the generic Commerce Commission processes could be pursued, these processes would require a significant amount of time, be a considerable cost, and the outcome would still be unclear. Given the benefits to public safety of the integration acquisition, we recommend an express legislative authorisation is used to exempt the transaction from Part 3 of the Commerce Act. Legal professional privilege
- 20 To mitigate risks to competition for weather forecasting services, we will set increased expectations through shareholding Ministers' Letters of Expectation and seek a report back from the NIWA and MetService on data access arrangements three years post-acquisition, or earlier upon our request. If there are any issues, we will consider a formal review. At this stage, we consider the cost of any further legislative or regulatory interventions would outweigh the benefits, and that a non-legislative solution is more appropriate. This oversight would be in parallel to continued

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Commerce Commission enforcement of the restrictive trade practice of the Commerce Act, however there may be some practical challenges around enforcement, and it could not regulate the level of pricing charged.

Treaty of Waitangi obligations

- 21 The Crown has Treaty of Waitangi obligations under section 9 of the SOE Act when considering the acquisition transaction and removal of MetService from the SOE Act.
- 22 As this is an intra-Crown transfer, the Crown's overarching Treaty of Waitangi obligations will remain, while there has been consideration on whether Māori rights and interests may be affected by the transaction.
- 23 Section 8A of the Treaty of Waitangi Act 1975 and sections 27, 27A and 27B of the SOE Act mean the Paraparaumu land owned by MetService will remain protected under the statutory memorial scheme and the memorial on the title will remain, irrespective of who owns it, or whether MetService is controlled by another entity, or whether MetService is no longer a SOE.
- 24 Given the changes to MetService and the future weather forecasting system, consultation with relevant Iwi will be undertaken in early 2025, including with those in relation to MetService's land and that have existing contractual agreements for access to weather stations on Iwi land, and these agreements will remain in place following the transition.

Transitional, enabling, and consequential provisions and delegated authority

- 25 To ensure the acquisition does not unduly alter any contractual agreement, deed, arrangement, obligation, or right; minor transitional, enabling and consequential - provisions will be required. Ensuring Government Superannuation Fund (GSF) entitlements of employees aren't affected by the acquisition is one such example. Maintaining these arrangements and settings is critical to ensuring business continuity, minimising disruption and avoiding costly renegotiations, thus reducing administrative and financial burdens.
- 26 We further seek delegated authority to the Minister of Science, Innovation and Technology from Cabinet to agree additional policy and/or technical matters for inclusion in legislation consistent with Cabinet's primary decisions. This will allow for flexibility if further issues present in the drafting of the legislation.

Risks

- 27 Organisational change inherently involves risk, including cost, disruption and uncertainty for staff. The timing of the Weather Forecasting System changes needs to align with the changes to Crown Research Institutes to avoid critical weather forecasting services being impacted during the transition process.
- 28 NIWA and MetService are developing a detailed integration plan to manage the transition. A Governance oversight Group consisting of representatives from MBIE, Treasury, NIWA and MetService has been set up to oversee the transition and manage risks as required.

- 29 MetService has operated viably as a commercially operated State-Owned Enterprise since 1992. Crown Agent form, with settings allowing increased government oversight and direction, is a relatively untested model for managing commercial activities. If PROs are constituted as Crown agents as a result of the wider science system reforms, there is a risk commercial revenue streams associated with MetService will be eroded, and that expectations around government financial support will increase in the longer term. These risks will need to be factored into final policy decisions on the choice of entity form for PROs.
- 30 To ensure the outcomes of the Weather Forecasting System vision are achieved, we recommend any efficiencies from the acquisition are ring-fenced for reinvestment in the weather forecasting system for the first three years post-acquisition. We will work with NIWA and MetService on a fair methodology.

Summary and next steps

- 31 If Cabinet agree to the recommendations, NIWA and MetService will initiate the due diligence phase of the acquisition, and officials will commence the necessary work to implement the legislative changes with a view of Confidential advice to Government
- 32 Following the acquisition of MetService by NIWA, the monitoring of MetService will transfer from Treasury to MBIE.
- 33 NIWA and MetService will provide a report back on its outcomes, data access arrangements and any proposal to amalgamate three years post-acquisition, or earlier upon our request.

Implementation

- 34 We have provided a high-level indicative timeline below.

Milestone/Activity	Timeframe
Issue drafting instructions to Parliamentary Counsel Office for it to draft Bill	April 2025
Review bill and conduct departmental consultation on the Bill	April/May 2025
Seek LEG and Cabinet approval of Bill	May 2025
Bill introduced to House	Confidential advice to Govern

Financial Implications

- 35 The proposed transaction will be intra-Crown and fiscally neutral. However, to support the acquisition, a Multi-Year Capital Appropriation (MYA) of \$5.0 million covering the 2025/26 and 2026/27 fiscal years will be required, funded through a capital injection provided to NIWA. The value of the appropriation will then be

returned to the Crown by way of capital transfer in exchange for company shares, ensuring no long-term impact on the Crown's balance sheet.

- 36 The cost of improving data access arrangements will be met by NIWA and MetService, and the administrative costs of executing the transaction will be met by NIWA, MetService, Treasury and MBIE as appropriate.

Legislative Implications

- 37 Legislation is required to:
- 37.1 Remove MetService from the State-Owned Enterprises Act 1986.
 - 37.2 Exempt the acquisition from Part 3 (business acquisitions) of the Commerce Act 1986.
 - 37.3 Repeal the State-Owned Enterprises (Meteorological Service of New Zealand Limited and Vehicle Testing New Zealand Limited) Amendment Act 1999, section 3.
 - 37.4 Allow for minor enabling, transitional and consequential provisions.
 - 37.5 Require NIWA and MetService to publish its observational weather data access policies on its website including, its access terms, pricing principles and procedures for acquiring.
- 38 The Bill is currently on the 2024 Legislation Programme with a category 7 priority (with policy development expected to continue in or beyond 2024). We are seeking to include the Bill on the 2025 Legislation Programme with a Category 2 (must be passed by the end of the calendar year 2025).

Impact Analysis

Regulatory Impact Statement

- 39 A final Regulatory Impact Statement is attached to this Cabinet Paper.

Use of external Resources

- 40 The WFS Review was undertaken by Sapere and cost approximately \$320,000 (excluding GST). The cost was split between MBIE and the Treasury from within their existing baselines.

- 41 Legal professional privilege

Consultation

- 42 MBIE, the Treasury, Ministry of Transport, National Emergency Management Agency, Department of the Prime Minister and Cabinet (DPMC), Public Service Commission, Parliamentary Counsel Office (PCO), Office of Māori-Crown Relations (Te Arawhiti), Ministry for the Environment, Ministry for Regulation, Commerce Commission, NIWA and MetService were consulted.

- 43 [Redacted]
[Redacted]
[Redacted]
- 44 The Ministry of Transport recommended the administration of the Crown contract is transferred to MBIE when the contract is due for renewal in 2026/27. Funding and administration will be considered as part of the wider system reforms, so we have not considered it as part of this Cabinet Paper.
- 45 The Commerce Commission and DPMC have a preference for open weather data. However, we do not recommend data is made fully open at this time, as the cost of doing so is approximately \$10 million additional per annum. If data is made fully open without additional Crown funding, the number of weather stations collecting data would need to be reduced, impacting on the forecasting system as a whole.

Communications

- 46 The Minister of Science, Innovation and Technology will make an announcement following Cabinet agreement.

Proactive Release

- 47 The contents of this paper will be proactively released within 30 business days after Cabinet decisions have been made, with appropriate redactions.

Recommendations

The Minister of Finance, the Minister for State Owned Enterprises and the Minister of Science, Innovation and Technology recommend that the Committee:

- 1 **note** that, on 23 September 2024, Cabinet agreed in-principle, to the National Institute of Water and Atmospheric Research Limited (NIWA) acquiring the Meteorological Service of New Zealand Limited (MetService), with MetService being initially retained as New Zealand's authorised meteorologist, subject to further work being completed (CAB-24-MIN-0369);
- 2 **note** the additional advice provided in respect of the acquisition transaction, competition issues, data access arrangements, Treaty of Waitangi considerations, funding and monitoring arrangements, and other implementation matters;
- 3 **agree** that NIWA will acquire MetService as a wholly-owned subsidiary, with MetService being initially retained as New Zealand's authorised meteorologist;
- 4 **agree** to the acquisition of MetService by NIWA being exempt from the Part 3 (business acquisitions) of the Commerce Act 1986;
- 5 **note** that to allow the acquisition of MetService by NIWA, MetService must cease to be a State-owned enterprise;
- 6 **agree** that MetService will cease to be a State-owned enterprise and be removed from the State-Owned Enterprises Act 1986, and become a Crown-company subsidiary;

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- 7 **agree** to repeal provisions relating to MetService from the State-Owned Enterprises (Meteorological Service of New Zealand Limited and Vehicle Testing New Zealand Limited) Amendment Act 1999;
- 8 **note** shareholding Ministers will set increased expectations for NIWA and MetService to improve weather data access arrangements and seek a report-back to shareholding Ministers and the Minister of Commerce and Consumer Affairs, up to three years post-acquisition;
- 9 **agree** that NIWA and MetService will be required by legislation to publish their policies on observational weather data access, terms, pricing principles, and processes on their websites;
- 10 **agree** to NIWA acquiring MetService 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;
- 11 **note** that NIWA will return capital to the Crown through the payment of the purchase price for MetService’s shares;
- 12 **note** that the cost of the equity investment described in recommendation 10 above is fully offset by the return of capital described in recommendation 11 above, with the result that the transaction is fiscally neutral overall for the Crown across the forecast period;
- 13 **agree** to establishing the following new multi-year appropriation, to run from 1 July 2025 to 30 June 2027:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Vote Business, Science and Innovation	Minister of Science, Innovation and Technology	Ministry of Business, Innovation and Employment	Science, Innovation and Technology: NIWA Acquisition of MetService	Non-Departmental Capital Expenditure	The appropriation is limited to the purchase of MetService Limited shares by the National Institute of Water and Atmospheric Research Limited.

- 14 **approve** the following change to appropriations to give effect to the policy decision in recommendation 10 above, with no impact on net core Crown debt:

	\$m – increase/(decrease)			
	2024/25	2025/26 to 2026/27	2027/28	2028/29 & outyears
Vote Business, Science and Innovation Minister of Science, Innovation and Technology				
Non-Departmental Capital Expenditure:	-	5.000	-	-

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Science, Innovation and Technology: NIWA Acquisition of MetService				
Total Capital	-	5.000	-	-

15 **note** that the indicative spending profile for the new multi-year appropriation described in recommendation 14 above is as follows:

	\$m – increase/(decrease)				
Vote Business, Science and Innovation	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Minister of Science, Innovation and Technology					
Non-departmental Capital Expenditure: Science, Innovation and Technology: NIWA Acquisition of MetService	-	5.000	-	-	-

16 **note** the following changes as a result of the decision in recommendation 11 above, with no impact on net core Crown debt:

	\$m – increase/(decrease)				
Vote Finance					2028/29 & Outyears
Minister of Finance	2024/25	2025/26	2026/27	2027/28	
Crown Capital Receipts	-	5.000	-	-	-
Total Capital	-	(5.000)	-	-	-

17 **agree** that shareholding Ministers should consider options to mitigate transition risks over the three-year period post-acquisition, including on the development of a methodology with NIWA and MetService to ensure efficiencies from the integration are fairly reinvested into the Weather Forecasting System, and deliver improvements to the system;

18 **note** MetService will continue to engage with relevant Iwi on the changes to the weather forecasting system, including with those in relation to MetService’s land and those with existing contractual agreements during the transition period;

19 **invite** the Minister of Science, Innovation and Technology to issue drafting instructions to the Parliamentary Counsel Office for the preparation of a bill which gives effect to the proposals above;

- 20 **authorise** the Minister of Science, Innovation and Technology to further clarify, develop and make decisions on additional policy and/or technical matters to be included in the bill which are consistent with the intent of this paper;
- 21 **note** officials will publicly release the contents of this paper within 30 business days of Cabinet approval, with appropriate redactions.

Authorised for lodgement

Hon Nicola Willis

Minister of Finance

Hon Simeon Brown

Minister for State Owned Enterprises

Hon Dr Shane Reti

Minister of Science, Innovation, and Technology

Appendices

Appendix One: Regulatory Impact Statement