



## **Proactive Release**

This proactive release includes the report by the Secretary of the Cabinet following the review of Hon Stuart Nash's ministerial communications with donors and the communications and documentation considered as part of the review.

## **Information Withheld**

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

- section 9(2)(a), to protect the privacy of individuals

**Subject:** FW: Query regarding appointment process for members of the Startup Advisors Council [IN-CONFIDENCE]  
**Attachments:** 2122-2183 - Establishment of a Startup Advisors Council Signed by J.Robertson.pdf

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**From:** George Whitworth <[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz)>  
**Sent:** Friday, 26 May 2023 7:54 am  
**To:** Rachel Hayward [DPMC] <[Rachel.Hayward@dpmc.govt.nz](mailto:Rachel.Hayward@dpmc.govt.nz)>  
**Cc:** ^MBIE: Dean Ford <[Dean.Ford@mbie.govt.nz](mailto:Dean.Ford@mbie.govt.nz)>; Landon McMillan <[Landon.McMillan@mbie.govt.nz](mailto:Landon.McMillan@mbie.govt.nz)>; Nicola Purvis [DPMC] <[Nicola.Purvis@dpmc.govt.nz](mailto:Nicola.Purvis@dpmc.govt.nz)>; ^MBIE: Robyn Henderson <[Robyn.Henderson@mbie.govt.nz](mailto:Robyn.Henderson@mbie.govt.nz)>  
**Subject:** RE: Query regarding appointment process for members of the Startup Advisors Council [IN-CONFIDENCE]

Kia ora Rachel

Briefing 2122-2183 is attached. This is the briefing that shares a draft terms of reference with Ministers and indicates that the Minister for RSI will take the Appointments paper to Cabinet.

George

**George Whitworth**

Acting Manager, Investment Policy

Economic Development and Transitions  
Ministry of Business, Innovation & Employment

[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz) | Phone: s9(2)(a)  
Level 7, 15 Stout St, Wellington 6011

NZBN 9429000106078

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**From:** Rachel Hayward [DPMC] <[Rachel.Hayward@dpmc.govt.nz](mailto:Rachel.Hayward@dpmc.govt.nz)>  
**Sent:** Friday, 26 May 2023 7:04 am  
**To:** George Whitworth <[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz)>  
**Cc:** Dean Ford <[Dean.Ford@mbie.govt.nz](mailto:Dean.Ford@mbie.govt.nz)>; Landon McMillan <[Landon.McMillan@mbie.govt.nz](mailto:Landon.McMillan@mbie.govt.nz)>; Nicola Purvis [DPMC] <[Nicola.Purvis@dpmc.govt.nz](mailto:Nicola.Purvis@dpmc.govt.nz)>; Robyn Henderson <[Robyn.Henderson@mbie.govt.nz](mailto:Robyn.Henderson@mbie.govt.nz)>  
**Subject:** RE: Query regarding appointment process for members of the Startup Advisors Council [IN-CONFIDENCE]

Dear George

Thanks so much for providing these briefings. One last request – the briefing of 2 March 2022 refers to a briefing dated 24 February 2022 (Briefing 2122-2183). Could we please have a copy of that briefing?

Many thanks,

Rachel

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**From:** George Whitworth <[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz)>  
**Sent:** Thursday, 25 May 2023 4:12 pm  
**To:** Rachel Hayward [DPMC] <[Rachel.Hayward@dpmc.govt.nz](mailto:Rachel.Hayward@dpmc.govt.nz)>

**Cc:** ^MBIE: Dean Ford <[Dean.Ford@mbie.govt.nz](mailto:Dean.Ford@mbie.govt.nz)>; Landon McMillan <[Landon.McMillan@mbie.govt.nz](mailto:Landon.McMillan@mbie.govt.nz)>; Nicola Purvis [DPMC] <[Nicola.Purvis@dpmc.govt.nz](mailto:Nicola.Purvis@dpmc.govt.nz)>; ^MBIE: Robyn Henderson <[Robyn.Henderson@mbie.govt.nz](mailto:Robyn.Henderson@mbie.govt.nz)>  
**Subject:** RE: Query regarding appointment process for members of the Startup Advisors Council [IN-CONFIDENCE]

Kia ora Rachel,

Please find attached briefing 2122-1658 – the November 2021 briefing where Phil McCaw is mentioned in the Annex, amongst other industry names as “possible individuals for a startup advisors group”.

The Nov 2021 briefing raises Mr McCaw as a potential member of the group, but does not discuss the Chair role (this is an error in my previous email to you). The Mar 2022 briefing 2122-2871, also attached, is where MBIE officials discuss his suitability as Chair and feedback from wider industry engagement (para 3). Please note that this second briefing was provided to the Minister for RSI, from the Innovation Policy team, so I have added Robyn Henderson, GM Science, Innovation and International, to the copylist.

Thanks

George

**George Whitworth**

Acting Manager, Investment Policy

Economic Development and Transitions  
Ministry of Business, Innovation & Employment

[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz) | Phone: s9(2)(a)  
Level 7, 15 Stout St, Wellington 6011

NZBN 9429000106078

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**From:** Rachel Hayward [DPMC] <[Rachel.Hayward@dpmc.govt.nz](mailto:Rachel.Hayward@dpmc.govt.nz)>

**Sent:** Wednesday, 24 May 2023 6:18 pm

**To:** George Whitworth <[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz)>

**Cc:** Dean Ford <[Dean.Ford@mbie.govt.nz](mailto:Dean.Ford@mbie.govt.nz)>; Landon McMillan <[Landon.McMillan@mbie.govt.nz](mailto:Landon.McMillan@mbie.govt.nz)>; Nicola Purvis [DPMC] <[Nicola.Purvis@dpmc.govt.nz](mailto:Nicola.Purvis@dpmc.govt.nz)>

**Subject:** RE: Query regarding appointment process for members of the Startup Advisors Council [IN-CONFIDENCE]

[IN-CONFIDENCE]

Kia ora George

Thanks again for your assistance with our questions about the appointment process, it has been really helpful. You mentioned an MBIE briefing note of November 2021 that refers to Mr McCaw in relation to the Startup Council – would you be able to provide us with a copy of that briefing?

I expect that the release of my report will be accompanied by a proactive release of documents that we have relied on in producing it. I anticipate that will include our email exchange, and perhaps the briefing, but we will formally consult MBIE about that.

Ngā mihi maioha,

Nāku, nā Rachel



Rachel Hayward (she/her)  
Secretary of the Cabinet and Clerk of the Executive Council  
Cabinet Office, Executive Wing,  
Parliament Buildings, Wellington 6011, New Zealand

DDI: s9(2)(a) Mobile: s9(2)(a)  
Email: [Rachel.hayward@dpmc.govt.nz](mailto:Rachel.hayward@dpmc.govt.nz)

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**From:** George Whitworth <[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz)>  
**Sent:** Tuesday, 23 May 2023 7:35 pm  
**To:** Rachel Hayward [DPMC] <[Rachel.Hayward@dpmc.govt.nz](mailto:Rachel.Hayward@dpmc.govt.nz)>  
**Cc:** ^MBIE: Dean Ford <[Dean.Ford@mbie.govt.nz](mailto:Dean.Ford@mbie.govt.nz)>; Landon McMillan <[Landon.McMillan@mbie.govt.nz](mailto:Landon.McMillan@mbie.govt.nz)>  
**Subject:** Query regarding appointment process for members of the Startup Advisors Council [IN-CONFIDENCE]

You don't often get email from [george.whitworth@mbie.govt.nz](mailto:george.whitworth@mbie.govt.nz). [Learn why this is important](#)

Kia ora Rachel,

Following our conversation earlier today, I have consulted a couple of colleagues who were in role through the period in which the Startup Advisors Council was conceived and its members appointed. Dean Ford, GM Economic Development and Transitions, and Landon McMillan, previous Manager, Investment Policy, are copied here. They have confirmed some of points covered in our conversation earlier and provided some clarity on aspects I had less knowledge of.

- The Startup Advisors Council Terms of Reference states that the role of the Council is accountable to the Minister for Economic and Regional Development.
  - However, as mentioned, in a practical sense the Council are reporting to both the Minister for Economic and Regional Development *and* the Minister for Research, Science and Innovation.
  - Referring to a single Minister in the ToR is, I understand, for sake of administrative simplicity, given the busy-ness of the Ministers at the time.
  - Each meeting that Council members have had with Ministers has included the Minister for ERD and the Minister for RSI (and usually at least one other).
  - Briefings provided by MBIE officials pertaining to the Council (from pre-conception to now) are routinely addressed to (at least) both Ministers.
  - The [Beehive press release](#) relating to the Council's appointment is attributed to both portfolios.
- You asked about the management of the appointments process to the Council.
  - When considering establishing the Startup Advisors Council, MBIE ED officials and the then Minister for Economic and Regional Development (Hon Nash) discussed potential appointments.
  - Phil McCaw was identified as a potential chair of the Council. His name was mentioned in an MBIE briefing note (Nov 2021 – on the basis of his breadth and depth of experience in the ecosystem, and on account of the support of wider industry for him to play the role) and also suggested by Hon Nash.
  - Upon discussing the potential for Phil to play a role on the Council, Hon Nash disclosed to officials the potential for a perception of a conflict of interest, given their personal relationship. Hon Nash suggested that he should not have a formal role in the appointment process for Council members if Phil McCaw was included. This is why the APH paper was taken by the then Minister for Research, Science and Innovation, Hon Woods.

I have reviewed the relevant briefings and file notes and do not see any written content pertaining to the verbal discussions mentioned in the second set of bullets.

I hope that is useful and answers your questions, but please let us know if you need any further information.



Thanks  
George

**George Whitworth**

Acting Manager, Investment Policy

Economic Development and Transitions  
Ministry of Business, Innovation & Employment

[George.Whitworth@mbie.govt.nz](mailto:George.Whitworth@mbie.govt.nz) | Phone: s9(2)(a)

Level 7, 15 Stout St, Wellington 6011

NZBN 9429000106078

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## BRIEFING

### Startup Advisors

<b>Date:</b>	17 November 2021	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2122-1658

Action sought		
	Action sought	Deadline
Hon Stuart Nash <b>Minister for Economic and Regional Development</b>	<p><b>Agree</b> the criteria for a Startup Advisors group.</p> <p><b>Indicate</b> who you would like to progress as part of the Startup Advisors group or whether you need further advice on potential individuals.</p> <p><b>Note</b> our suggested approach for a first meeting of the Startup Advisors group in early 2022.</p>	22 November 2021
Hon Dr Megan Woods <b>Minister of Research, Science and Innovation</b>	For information	

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jon Cable	Manager, Enterprise Policy	s9(2)(a)	✓
Michael Contaldo	Principal Policy Advisor, Innovation Policy		

The following departments/agencies have been consulted

Minister's office to complete:

- |                                               |                                              |
|-----------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments



# BRIEFING

## Startup Advisors

<b>Date:</b>	17 November 2021	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2122-1658

### Purpose

To progress with establishing a Startup Advisors group to engage with New Zealand's startup community.

### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Agree** the criteria for participation in a Startup Advisors group

*Agree / Not Agree*

- b **Indicate** who you would like to progress as part of the Startup Advisors group or whether you need further advice on potential individuals

*Noted*

- c **Note** our suggested approach for a first meeting of the Startup Advisors group in early 2022

*Noted*

Jon Cable  
**Manager, Enterprise Policy**  
Labour, Science and Enterprise, MBIE

17 / 11 / 21

Hon Stuart Nash  
**Minister for Economic and Regional  
Development**

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## Background

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1. With the Minister of Research, Science and Innovation, you met with members of the startup community on 24 August 2021 in relation to the development of a Startup Action Plan. At this meeting the community advocated for a single Ministerial point of contact and a mechanism to enable regular engagement. You agreed with Minister Woods that you would progress this mechanism for engagement.
2. You provided direction on the approach to be taken (*Briefing 2122-0985 refers*). You indicated that you wanted a tightly-drawn group of 6-7 individuals as “Startup Advisers” who have operated in New Zealand’s startup ecosystem for a while and have a good understanding of the challenges and the opportunities.

### Startup Advisors will need to align with a set of key criteria

3. Our understanding from your direction is that to be appointed as a Startup Advisor, an individual will need to have:
  - Significant experience of operating within the New Zealand startup ecosystem as a founder investor, or intermediary;
  - The ability to look beyond their own organisation and be able to advise on the broader barriers, issues and opportunities facing startups operating in New Zealand;
  - An awareness of the international context relating to startups, how New Zealand compares against that, and the key global trends;
  - The ability to articulate ways in which the Government might be able to more effectively support New Zealand’s startup community so that it grows and thrives;
  - A willingness to meet at quarterly intervals during the year, and to agree to commit at least one day per quarter to prepare, attend, and respond to the quarterly meeting requirement; and
  - Have the ability to work with you, and hold your confidence.
4. The Startup Advisors group will provide insights and guidance on the success and challenges facing New Zealand’s high-growth startups (digitally enabled, global orientated and highly scaleable) and their business environment. The group will be separate from, but complement, the advice you can access regarding small business from the Small Business Advisors. For example s9(2)(a) s9(2)(a) You also have the ability to discuss the early stage investment landscape with the board of New Zealand Growth Capital Partners.
5. The Startup Advisors group will benefit from a balance of people who can share experiences and understanding in significant areas such as access to capital (both early stage and growth stage), and in building capabilities across the startup community (especially in terms of founders and their teams). It would also be helpful to have a perspective around how to encourage and support emerging “clusters” of startups including a regional perspective.
6. The Startup Advisors group should reflect awareness of the need for better diversity, equity and inclusion within New Zealand’s startup ecosystem, and specifically how we continue to address commitments through Te Tiriti O Waitangi.



## **You may already have views on who you would like to appoint as a Startup Advisor**

7. You may already have ideas about which individuals you will want to have as a Startup Advisor. You may also want to consult Ministerial colleagues to consider their views on potential individuals who meet the criteria.
8. Annex one identifies some individuals we think meet the criteria outlined in paragraph 3.
9. Once you have indicated your preferences for which individuals you would like to progress as part of a Startup Advisors group, we will follow up with them informally to determine their willingness to undertake this role.
10. The Cabinet Manual and associated Cab Guide indicate that all but the most minor public appointments made by the Minister should first be considered by the Cabinet Appointments and Honours Committee (APH). You will need to consider whether you do wish to take these appointments to APH. Given this is an informal, ad hoc group providing advice to you on a semi-regular basis our view is that APH consideration is not essential.
11. We note the terms of reference for the Small Business Advisors and their appointment were considered by the Cabinet Appointments and Honours Committee. This followed on from the establishment of a Small Business Council, which had more formal authority to prepare a report to Government on a Small Business Strategy.
12. We can prepare a paper for you to take to the Cabinet Appointments and Honours Committee for the appointment of the Startup Advisors group. This will need to include proposed terms of reference and a list of your preferred candidates for appointment.

## **Process for establishing the Startup Advisors group**

13. Depending on your preference, we can prepare letters for you to appoint this Startup Advisors group. We will continue to engage informally with potential individuals to work up a terms of reference for your consideration.
14. It would be useful for our engagement with potential members to clarify the time commitment necessary for participation in the Startup Advisors group. We think that the initial term should be set for one year and then, depending on the value for you and the startup community, we can advise on approaches to ensure continuity as required.
15. We will look to arrange a first meeting in early 2022. In advance of the meeting we will prepare a proposed agenda for your approval.
16. We note that the Minister of Finance wrote to you informing that he would not support a new funding initiative to enable the Startup Advisors group being progressed through Budget 2022. We can reprioritise resources internally to provide a light-touch level of support to you in your engagement with the Startup Advisors group. We will provide further advice to you on this support as part of the terms of reference development.

## Annex One: Possible individuals for a Startup Advisors group

Name	Experience	Areas likely to be able to share knowledge
s9(2)(a)		
<i>Phil McCaw</i>	Founding partner of Movac (venture capital fund); Early investor in Trademe; Former Chair of AANZ; Chairs a number of NZ startup boards; Experience investing into NZ technology companies and helping to guide their growth	Early stage and growth finance International trends
s9(2)(a)		



## BRIEFING

### Establishment of a Startup Advisors Council

<b>Date:</b>	24 February 2022	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2122-2183

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods <b>Minister of Research, Science and Innovation</b>	<b>Agree</b> that the Startup Advisors Council be established as a Group 3: Level 4 body as per the Cabinet Office Fees Framework	28 February 2022
Hon Stuart Nash <b>Minister for Economic and Regional Development</b>	<b>Agree</b> to the Terms of Reference for the Council  <b>Note</b> that officials will provide the Minister for RSI with further advice on a draft Cabinet paper for lodgement	
Hon Dr David Clark <b>Digital Economy and Communications</b>	For information	

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jess Robertson	Manager, Innovation Policy	s9(2)(a)	
Michael Contaldo	Principal Policy Advisor, Innovation Policy		✓

The following departments/agencies have been consulted
Te Puna Kōkiri, Ministry for Women, Callaghan Innovation

- Minister's office to complete:**
- |                                               |                                              |
|-----------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

#### Comments



# BRIEFING

## Establishment of a Startup Advisors Council

<b>Date:</b>	24 February 2022	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2122-2183

### Purpose

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To agree the Terms of Reference to establish a Startup Advisors Council to better engage with New Zealand's startup community.

### Recommended action

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The Ministry of Business, Innovation and Employment recommends that you:

- a **Agree** that the Startup Advisors Council be established as a Group 3: Level 4 body as per the Cabinet Office Fees Framework  

*Agree / Not Agree*
- b **Agree** to the Terms of Reference for the Council  

*Agree / Not Agree*
- c **Note** that officials will provide the Minister for RSI with further advice on a draft Cabinet paper for lodgement

*Noted*





Jess Robertson  
**Manager, Innovation Policy, MBIE**

24 / 02 / 2022

Hon Dr Megan Woods  
**Minister of Research, Science and  
Innovation**

..... / ..... / .....

Hon Stuart Nash  
**Minister for Economic and Regional  
Development**

..... / ..... / .....

Hon Dr David Clark  
**Digital Economy and Communications**

..... / ..... / .....

## Startup Advisors Council

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### Background

1. You both met with members of the startup community on 24 August 2021 in relation to the development of a Startup Action Plan. At this meeting the community advocated for a single Ministerial point of contact and a mechanism to enable regular engagement.

### Establishing a Startup Advisors Council

2. Officials subsequently provided initial advice on how a Startup Advisors Council could be developed as a mechanism to support such engagement (*Briefings 2122-0985 and 211-1658 refer*). This put forward criteria to help determine how a set of advisors could be identified.
3. Officials have now drafted a proposed Terms of Reference that could be used to direct the work of the Council. This is attached at Annex A.
4. The Cabinet Manual suggests that the appointments to the Startup Advisors Council will need to be considered and endorsed by the Cabinet Appointments and Honours Committee (AHC). Officials will provide the Minister of Research, Science and Innovation (RSI) in due course with a draft Cabinet paper and seek agreement to lodge.
5. We propose that the Startup Advisors Council be established as a Group 3: Level 4 body under the Cabinet Office Fees Framework. Under an assessment based on skills, function, complexity and profile this would suggest a daily fee of \$250-375 for the Chair and \$190-270 for each member. We anticipate that the Council would meet for 4 days a year.
6. We recommend that MBIE Innovation Policy and MBIE Investment Policy jointly serve as secretariat to the Council, and that officials from these teams attend Council meetings as may be required to discharge this function.
7. We also recommend that membership of the Council achieve a balance between those that understand issues such as access to capital, and capability building; but who are also able to advise on priority government issues such as equity and inclusion, Māori engagement, and the commercialisation of deep-tech. We will provide further advice to the Minister of RSI with recommendations for the names of potential members of the Council.

## **Annex A: Startup Advisors Council - Proposed Terms of Reference**

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1. These Terms of Reference describe the purpose, role, functions, membership, systems and processes of the Startup Advisors Council (Council).

### **ROLE AND FUNCTIONS OF THE COUNCIL**

2. Startups are distinct from small and medium-sized enterprises (SMEs). They are commonly understood in international terms to be young, tech or digitally-enabled, innovative companies with a scalable business model and the strong potential to grow quickly and expand globally.
3. The role of the Council is accountable to the Minister for Economic and Regional Development and will support the Minister for Economic and Regional Development, and other Ministers as appropriate, to make sound decisions that support New Zealand's startup ecosystem to grow and thrive. It will help identify the opportunities and challenges facing startup and make suggestions as to how these may be addressed by government working in partnership with the sector.
4. In particular, the Council will:
  - Consult with startup founders, investors and intermediaries to develop a set of key priorities as a formal submission to the Government to help it engage more effectively with New Zealand startups so that more startups can be created and more succeed in scaling up. This is likely to consider issues such as:
    - Visibility and coordination of support initiatives
    - Improving equity within the system
    - Access to R&D and innovation support
    - Access to talent
    - Tax treatment
5. This work will consider where the focus needs to be in terms of capability building, improving access to capital, improved diversity and inclusion, streamlining government processes, improving connectivity, raising international profile, and determining how the Government can help the sector to explore opportunities and maximise potential. This advice should be developed having regard to the wider government economic strategy. The Council will engage with relevant government ministries and agencies where necessary.
6. The advice should include an analysis of the status quo, the gaps or issues in the existing approach, options to address the issues, and rationale as to why the suggested solution is the best.
7. It is likely that the Council will also agree a settled definition for the startup sector, that can be used to support analysis, strategic development and discourse with the view that the definition will be adopted across government.

### **ROLE OF THE CHAIRPERSON**

8. The Chairperson of the Council is responsible for:
  - ensuring the Council operates in a manner that enables it to undertake its role and functions

- managing any conflict of interest or lobbying that may arise
- liaising with the secretariat on all matters relating to the role of the Council
- acting as the spokesperson for the Council
- maintaining a close relationship with the Minister for Economic and Regional Development, and MBIE as the Secretariat.

## **MEMBERSHIP**

9. The Council will consist of five members (in addition to the Chairperson), appointed for a term of twelve months. Members will be chosen based on their commercial, industry, public policy, academic and sector specific knowledge and expertise.
10. The Minister for Economic and Regional Development may, by written notice, appoint:
  - any natural person as a member
  - any member as the chairperson or deputy chairperson.
11. Any such appointment shall be effective from the time and date specified in the notice.
12. The Minister for Economic and Regional Development may, at any time, at his or her discretion, terminate an appointment by written notice signed by the Minister and sent to the member (and copied to the secretariat) stating that the appointment shall be vacated.
13. A member may, at any time, resign membership of the Council by providing written notice to the Minister for Economic and Regional Development. In addition to the five members, the Minister may also appoint government officials as advisors to the Council. These officials will contribute to discussions but will not take part in decision-making. This will ensure that they can provide expert advice to the Council whilst maintaining their primary function of serving the Minister and the agency that employs them.
14. The Council is classified as a Group 4 Level 3 body under the Cabinet Fees Framework. Members are responsible for paying all Inland Revenue payments, other taxes and Accident Compensation Corporation levies in respect of remuneration and disbursements. Members representing government agencies or crown entities are appointed in their capacity as representatives and are not entitled to any additional remuneration. The daily remuneration for all others will be claimed in accordance with Cabinet Office instructions.
15. Travel, accommodation and meals will be organised and paid by the Ministry of Business, Innovation and Employment where practicable. Disbursements will be agreed with the Ministry of Business, Innovation and Employment. Where travel, accommodation and meals cannot be organised by the Ministry of Business, Innovation and Employment then actual and reasonable costs will be reimbursed in accordance with relevant Ministry of Business, Innovation and Employment policies.

## **ROLE OF THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT**

16. The Ministry of Business, Innovation and Employment will provide the secretariat for the Council. The secretariat:
  - is responsible for all administrative tasks associated with the Council, including arranging meetings, providing papers, coordinating travel, and arranging the payment of their fees and expenses.



- will attend meetings and produce minutes and action items within ten working days of the meeting.
- collate and submit Council advice to decision makers, and report back to Council on decisions made and any relevant feedback from decision makers.

## **DECISION RIGHTS & PROTOCOL FOR ADVICE**

17. In considering and providing recommendations on any proposal it is asked to consider, the Council may, with the knowledge and agreement of the Minister:
- confer with startup founders, investors and intermediaries, including seeking any additional necessary information
  - seek information relating to other relevant proposals and approved projects, and suggest combining or linking with other proposals and approved projects; and
  - seek any other relevant external advice, including that of global best practice in an economy similar to that of New Zealand.
18. The Council, with the written agreement of the Minister for Economic and Regional Development, will document systems and processes it will use to operate, including:
- the procedures for providing advice as may be sought by decision makers how its meetings are conducted, including a quorum, the procedures for when the Chair is absent, and voting
  - how information is to be treated, secured and returned where a person is no longer a member of the Council
  - a conflict of interest policy that complies with State Services Commission guidance, including procedures for where members of the Council are conflicted and the maintenance of a conflict of interest register
  - its working relationship with MBIE and other government agencies.
19. All advice/outputs should be collectively agreed by the Council thereby exercising a quorum by consensus and having a collective view. For the avoidance of doubt, minority opinions must be represented.

## **MEETINGS**

20. The Council will meet at least once every three months over the twelve-month period. However, the Council may meet as frequently as it sees fit in order to deliver on agreed outcomes.
21. Additional meetings may be called when needed on particularly urgent or important proposals. Where such issues arise between scheduled meetings, the secretariat may contact the group by email or teleconference to seek their views.
22. An agenda will be circulated to members prior to each meeting. Pre-reading will be made available where the secretariat determines this will be useful for discussions. Where members cannot attend a meeting, they can provide written or verbal feedback on proposals to the Chair.
23. There will be a quorum of 60 per cent for attendance at meetings. Absent members will receive the opportunity to provide their opinion by circular consensus on written advice to the Minister for Economic and Regional Development.

## **INVITED EXPERTS**

24. The Chairperson may agree with the Minister to invite additional ad hoc attendees. This would be any person or persons whose qualifications or experience are likely, in the opinion of the Council and the Minister, to be of assistance to the Council in dealing with a particular matter.
25. Every person invited in this way will be entitled to take part in the proceedings of the Council meeting in relation to that matter.
26. That person, while not a member, will be subject to the same due diligence process, including that of confidentiality and paid at the same daily rate as a Council member (if applicable).

## **OBLIGATIONS**

27. In carrying out its role, the Council will:

- act in accordance with procedures agreed or mandated by the Minister for Economic and Regional Development
- maintain the confidentiality of confidential material submitted to it or obtained in carrying out, or incidental to, its functions
- comply with legal requirements.

28. The Council members will:

- act in good faith, and show honesty, integrity, openness and accountability in their dealings with each other
- act consistently with the State Sector Standards of Integrity and Conduct
- provide free and frank advice in relation to matters before the Council, while maintaining discretion about that advice and their conduct in the business community
- follow agreed communication protocols before making public statements on any aspect of the Council.

## **OFFICIAL INFORMATION ACT 1982**

29. The Official Information Act applies to the records of the Council.

## **CONFIDENTIALITY CLAUSE**

30. The Council may from time to time report its findings on any matter to the Minister for Economic and Regional Development. Any such report will be provided in draft format initially to allow input from the Minister.
31. Finalised reports or submissions may be published with the agreement of the Minister for Economic and Regional Development and the Council. Published reports will not contain information supplied to the Council that has a confidential status.
32. The Council will not publish the advice it gives to the government. However, the Government may, from time to time, agree to publish papers produced by the Council. The Council members will need to be able to offer free and frank advice to the government while maintaining discretion about that advice in wider circles.

33. The Council members will make public comments only after advising the Minister for Economic and Regional Development through the Chairperson, of their intention to do so. The Chairperson will advise the Minister directly of his/her intention to make public comments. This injunction will apply whether the members agree or disagree with the government's actions on which they are commenting.
34. The Minister for Economic and Regional Development and the Council will operate on a 'no surprises' basis. The Council must maintain the confidence of the Minister at all times.



## BRIEFING

### Seeking Cabinet agreement for appointments to the Startup Advisors Council

<b>Date:</b>	2 March 2022	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2122-2871

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods <b>Minister of Research, Science and Innovation</b>	<p><b>Note</b> suggested names for the Chair and Membership of the Startup Advisors Council</p> <p><b>Agree</b> to meet Phil McCaw, Chair of the Council to discuss his proposed role</p> <p><b>Agree</b> to lodge the attached paper for consideration by the Cabinet Appointments and Honours Committee</p> <p><b>Agree</b> to forward this briefing to the Minister for Economic and Regional Development for information after a decision has been made on the above matters</p>	7 March 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jess Robertson	Manager, Innovation Policy	s9(2)(a)	
Michael Contaldo	Principal Policy Advisor, Innovation Policy		✓

The following departments/agencies have been consulted
Te Puna Kōkiri, Ministry for Women, Callaghan Innovation

Minister's office to complete:

- |                                               |                                              |
|-----------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments





# BRIEFING

## Seeking Cabinet agreement for appointments to the Startup Advisors Council

<b>Date:</b>	2 March 2022	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2122-2871

### Purpose

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To seek agreement through the Cabinet Appointments and Honours Committee (AHC) to establish a Startup Advisors Council to better engage with New Zealand's startup community.

### Recommended action

---

The Ministry of Business, Innovation and Employment recommends that you:

- a. **Note** suggested names for the Chair and Membership of the Startup Advisors Council

*Noted*

- b. **Agree** to meet Phil McCaw, Chair of the Council to discuss his proposed role

*Agree / Not Agree*

- c. **Agree** to lodge the attached paper for consideration by the Cabinet Appointments and Honours Committee

*Agree / Not Agree*

- d. **Agree** to forward this briefing to the Minister for Economic and Regional Development for information after a decision has been made on the above matters

*Agree / Not Agree*

Dr Jess Robertson  
**Manager, Innovation Policy**  
Science, Innovation and International, MBIE

02 / 03 / 2022

Hon Dr Megan Woods  
**Minister of Research, Science and Innovation**

..... / ..... / .....


## Startup Advisors Council

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### Establishing the Startup Advisors Council

1. Officials provided advice on 24th February on the establishment of a Startup Advisors Council [*Briefing 2122-2183 refers*]. This recommended that the Council be established as a Group 3: Level 4 body as per the Cabinet Office Fees Framework. Officials agreed to provide you with further advice on membership of the Council, and with a draft paper for Cabinet discussion and agreement.
2. With regards to membership of the Council, we recommend that it aim to achieve a balance between those that understand issues such as access to capital, and capability building; but who are also able to advise on priority government issues such as equity and inclusion, Māori engagement, and the commercialisation of deep-tech.
3. The suggestion has been made from members of the wider New Zealand startup community that Phil McCaw, founding partner of the technology venture capital investor fund Movac, would make a good Chair because of his knowledge and experience over a number of years in this space, as well as strong connections both domestically and internationally. We believe he is someone with sufficient visibility in the ecosystem to identify the priority issues from a strategic perspective, and also be able to engage with wider partners in the business community and across government.
4. We have approached him informally at this point and has indicated to officials that he is open to this role if Ministers decide to propose his appointment. However, he would like to meet with you early on to discuss how the Council can most effectively meet the expectations of the New Zealand startup community so that he can be confident that his participation will add value. If you agree then officials will work with your office to set this meeting up.
5. Officials have also informally reached out to a wider set of individuals who we understand might make effective members of the Council. They have indicated that they would be interested in principle in undertaking this role if appointed. They are:

s9(2)(a)



### Cabinet Appointments and Honours Committee (AHC)

6. The Cabinet Manual suggests that the appointments to the Startup Advisors Council will need to be considered and endorsed by the Cabinet Appointments and Honours Committee (AHC). A Cabinet paper is attached at Annex A. We are seeking your agreement to lodge this paper.

# ANNEX A: DRAFT CABINET PAPER

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## IN CONFIDENCE

Office of the Minister for Research, Science and Innovation  
Chair, Cabinet Appointments and Honours Committee

## STARTUP ADVISORS COUNCIL

### Proposal

This paper outlines the intention to appoint members to the newly established Startup Advisors Council. This will be for an initial twelve-month term commencing from the date of appointment. There members are: Phil McCaw, Suse Reynolds, Marian Johnson, Grant Straker, Mike Carden, and Imche Fourie.

### Background

The Startup Advisors Council will be established to provide advice on the opportunities and challenges facing New Zealand's high growth startups (digitally enabled, global oriented and highly scaleable) and their business environment.

The Council comprises:

- 1.1 a Chair; and
- 1.2 Five additional members.

### Comment

It is intended to appoint the following individuals for an initial twelve-month term.

- Phil McCaw (proposed Council Chair). Phil is a founding partner of the venture capital fund, Movac, which has invested in a number of successful New Zealand early-stage ventures. As former Chair of the Angel Association New Zealand he brings extensive experience with regards to investment and growth finance into domestic startup firms and helping to guide their growth, as well as an awareness of wider international trends.

- s9(2)(a)

- 

-

### **Representativeness of appointment**

I am satisfied that the appointment of the six members of the Council will provide for good balance in terms of gender, age, ethnicity and geographic representation, and an appropriate mix of skills and experience.

### **Remuneration**

The Board is classified as a Group 4, Level 3 arrangement under the Cabinet Fees Framework.

### **Appointment process and consultation**

I can confirm that an appropriate process has been followed in selecting the proposed appointee, in terms of the Public Service Commission appointment guidelines. In summary, that process comprised consulting the Ministry for Women, and Te Puni Kōkiri, discussions with the proposed Council Chair, and consulting specified stakeholders.

This process was appropriate because the proposed appointees will have a limited role in providing advice to Ministers on policies relating to the startup community and will not have direct oversight or management of any expenditure programmes.

### **Conflicts of interest**

I can confirm that appropriate enquiries concerning conflicts of interest have been carried out, in accordance with the Public Service Commission appointment guidelines, to identify any conflict of interest that could reasonably be identified, and no conflicts of interest have been identified.

### **Timing and Publicity**

A press statement will be issued once the appointments have been approved and the proposed members notified.

### **Recommendation**

It is recommended that the Committee

- note my intention to appoint Phil McCaw, Suse Reynolds, Marian Johnson, Grant Straker, Mike Carden, and Imche Fourie to the Startup Advisors Council for the initial period of twelve months from the date of commencement.

- note my intention to appoint to the Startup Advisors Council for a term of twelve months, commencing on the date of appointment:
  - 1.1 Phil MCCAWE as the Chair;
  - 1.2 Suse REYNOLDS, as a member;
  - 1.3 Marian JOHNSON as a member;
  - 1.4 Grant STRAKER as a member;
  - 1.5 Mike CARDEN as a member;
  - 1.6 Imche FOURIE as a member;
- note that discussion is required with the Government caucus.

Authorised for lodgement

Hon Megan Woods

Minister for Research, Science, and Innovation

## IN CONFIDENCE

Office of the Minister for Research, Science and Innovation  
Chair, Cabinet Appointments and Honours Committee

## STARTUP ADVISORS COUNCIL

### Proposal

1. This paper outlines the intention to appoint members to the newly established Startup Advisors Council. This will be for an initial twelve-month term commencing from the date of appointment. There members are: Phil McCaw, Suse Reynolds, Marian Johnson, Grant Straker, Mike Carden, Carl Jones, and Imche Fourie.

### Background

2. The Startup Advisors Council will be established to provide advice on the opportunities and challenges facing New Zealand's high growth startups (digitally enabled, global oriented and highly scaleable) and their business environment.
3. The Council comprises:
  - 3.1 A Chair; and
  - 3.2 Six additional members.

### Appointments

4. I intend to appoint the following individuals for an initial twelve-month term.
  - 4.1 Phil McCaw as a member and Chair of the board.
  - 4.2 Suse Reynolds as a member of the board.
  - 4.3 Marian Johnson as a member of the board.
  - 4.4 Grant Straker as a member of the board.
  - 4.5 Carl Jones as a member of the board.
  - 4.5 Mike Carden as a member of the board.
  - 4.5 Imchie Fourie as a member of the board.

Phil McCaw

5. Phil is a founding partner of the venture capital fund, Movac, which has invested in a number of successful New Zealand early-stage ventures. As former Chair of the Angel Association New Zealand he brings extensive experience with regards to investment and growth finance into domestic startup firms and helping to guide their growth, as well as an awareness of wider international trends.

### *Suse Reynolds*

6. s9(2)(a)

s9(2)(a)

***Marian Johnson***

7. s9(2)(a)

***Grant Straker***

8. s9(2)(a)

***Carl Jones***

9. s9(2)(a)

***Mike Carden***

10. s9(2)(a)

***Imche Fourie***

11. s9(2)(a)

**Representativeness of appointment**

12. I am satisfied that the appointment of the seven members of the Council will provide for good balance in terms of gender, age, ethnicity and geographic representation, and an appropriate mix of skills and experience.

**Remuneration**

13. The Board is classified as a Group 4, Level 3 arrangement under the Cabinet Fees Framework.

**Appointment process and consultation**

14. I can confirm that an appropriate process has been followed in selecting the proposed appointee, in terms of the Public Service Commission appointment guidelines. In summary,



that process comprised consulting the Ministry for Women, and Te Puni Kōkiri, discussions with the proposed Council Chair, and consulting specified stakeholders.

15. This process was appropriate because the proposed appointees will have a limited role in providing advice to Ministers on policies relating to the startup community and will not have direct oversight or management of any expenditure programmes.

### **Conflicts of interest**

16. I can confirm that appropriate enquiries concerning conflicts of interest have been carried out, in accordance with the Public Service Commission appointment guidelines, to identify any conflict of interest that could reasonably be identified, and no conflicts of interest have been identified.

### **Timing and Publicity**

17. A press statement will be issued once the appointments have been approved and the proposed members notified.

### **Recommendation**

It is recommended that the Committee

18. note my intention to appoint to the Startup Advisors Council for a term of twelve months, commencing on the date of appointment:
  - 18.1 Phil MCCAWE as the Chair;
  - 18.2 Suse REYNOLDS, as a member;
  - 18.3 Marian JOHNSON as a member;
  - 18.4 Grant STRAKER as a member;
  - 18.5 Mike CARDEN as a member;
  - 18.6 Imche FOURIE as a member;
  - 18.7 Carl JONES as a member;
19. note that discussion is required with the Government caucus.

Authorised for lodgement

Hon Dr Megan Woods

Minister of Research, Science, and Innovation

s9(2)(a)

**Subject:** FW: Forestry and Wood Processing ITP Advisory Group  
**Attachments:** Copy of Advisory Group Evaluation Workbook\_Shortlist Vote.xlsx; FWP ITP Advisory Group Terms of Reference.docx; High-Level Minutes 30 July 2021 ITP Advisory Group Meeting.docx; ITP Advisory Group composition.docx; Questions and Call for Noms.xlsx; B21-0135 - Briefing Template.pdf

---

**From:** Elizabeth Heeg s9(2)(a)  
**Sent:** Tuesday, 23 May 2023 5:04 pm  
**To:** Rachel Hayward [DPMC] <[Rachel.Hayward@dpmc.govt.nz](mailto:Rachel.Hayward@dpmc.govt.nz)>; Nicola Purvis [DPMC] <[Nicola.Purvis@dpmc.govt.nz](mailto:Nicola.Purvis@dpmc.govt.nz)>  
**Cc:** Sam Keenan <[Sam.Keenan@mpi.govt.nz](mailto:Sam.Keenan@mpi.govt.nz)>; ^MPI: Julie Collins s9(2)(a)  
**Subject:** RE: Forestry and Wood Processing ITP Advisory Group

Some people who received this message don't often get email from [elizabeth.heeg2@mpi.govt.nz](mailto:elizabeth.heeg2@mpi.govt.nz). [Learn why this is important](#)

Kia ora Rachel

I'm the current Director Forestry System with responsibility for the Forestry and Wood Processing ITP, but only came on board late June last year. However a couple of my current staff members were involved in the establishment of the ITP Advisory Group, and they've recapped the process below.

We've also attached here a number of documents and briefings that may be helpful in answering your questions. Please sing out if you need anything further, or any clarification on what's been provided.

Ngā mihi  
Elizabeth

**Elizabeth R Heeg PhD** | Director (she/her)  
Forestry System | Te Uru Rākau - New Zealand Forest Service  
Ministry for Primary Industries - Manatū Ahu Matua |  
Mobile: s9(2)(a) | Web: [www.mpi.govt.nz](http://www.mpi.govt.nz)

## Establishment process of the Forestry and Wood Processing ITP Advisory Group

The ITP Advisory Group was established to provide guidance to officials in line with the ITP Principles determined by cabinet, specifically the first principle: taking a partnership-led approach with stakeholders.

The Advisory Group was intended from the outset to exist only during the period of development of the ITP, with a different group being established with responsibility for implementation of the ITP recommendations at that point.

Purpose was to provide officials with sector, technical and investment insight to inform the ITP development and generate support (or 'buy-in'). This enables Government to have confidence that the ITP provides a roadmap that is effective, workable, and acceptable to industry, workers, and Māori business.

*The establishment process was designed to minimise overlaps with other existing advisory groups*

The process to establish the group sought to avoid duplicating existing advisory groups including the Forestry Ministerial Advisory Group (FMAG) and the Food and Fibre Partnership Group (FFPG). The Initial proposal was to establish the group from a subset of FMAG members, plus representatives of Maori and workforce. The Advisory group appointed had three members in common with FMAG.

Minister Nash was invited to discuss with officials on potential membership and specific role of the Advisory Group prior to the beginning of the establishment process. [B21-0135]

### ***Selection of members for the advisory group followed a rigorous process***

An invitation was sent out to all stakeholders asking people who have an interest in being on this Advisory Group to nominate themselves. The invitation was also reiterated during the sector wide teleconference call and subsequent communication was sent out to include those who had been unable to attend the call.

Prospective nominees were asked to complete a questionnaire based on the key capabilities listed in the TOR, as well as their experience and availability. Applications closed on 4 May 2021.

This information was provided by 43 nominees, and this was then evaluated to establish a shortlist of highly skilled, knowledgeable people from across the wider value chain and industry involvement/expertise with a mix of demographic characteristics.

This shortlist was then evaluated by a Selection Panel that included Henry Weston, Te Uru Rākau - New Zealand Forest Service Deputy Director General, Jason Wilson, Director Sector Investment and Robert Reid President, FIRST Union (and appointed to FMAG later that year) to determine the final group membership.

A group of 10 – 12 members was sought, but to achieve the balance of diverse representation across a number of stakeholders and parts of the supply chain the resulting group numbered 15. Subsequently Lees Seymour joined the group as independent chair.

### ***Communication with the Minister's office regarding the group selection was interrupted***

Records of agenda items of meetings between the Minister and officials show that on 2 June there was an oral update and discussion on the composition of the Advisory Group. The membership of the group remained unchanged from those recommended by the Selection Panel.

The Advisory group met for the first time on 30 July 2021 in Rotorua, with subsequent meetings needing to be held online due to the pandemic.

Ordinarily officials would have formally communicated with the Minister regarding the selection of members for the Advisory Group using an Aide Memoir or Briefing. This did not happen due complicating factors that occurred around this period.

Henry Weston announced his resignation as DDG, and Jason Wilson was appointed to the role in early August. Henry Weston finished up at Te Uru Rākau - New Zealand Forest Service-NZFS in September. In mid-August New Zealand moved to COVID19 Alert Level 4 until the end of that month, remaining at Alert Level3 until 7 September 2021.

### ***The Advisory Group Terms of Reference were agreed by the members***

In the agreed (attached) Terms of Reference (TOR) this purpose is stated as:

*The purpose of the Group is to shape the development of the Forestry and Wood Processing ITP by providing:*

- a) feedback on the strategic framework of the ITP, and*
- b) practical advice and industry insights to ensure the plan delivers good commercial, social, cultural, and environmental outcomes to Te Uru Rākau officials.*

The TOR details the scope of work, and states that:

*Advisory Group members must operate in an advisory and thought-leadership capacity, balancing area specific knowledge and expertise to take a system view. Members are not selected to represent individual business interests.*

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**From:** Rachel Hayward [DPMC] <[Rachel.Hayward@dpmc.govt.nz](mailto:Rachel.Hayward@dpmc.govt.nz)>  
**Sent:** Monday, 22 May 2023 5:47 PM  
**To:** JulieR Collins (Julie) s9(2)(a)  
**Cc:** Nicola Purvis [DPMC] <[Nicola.Purvis@dpmc.govt.nz](mailto:Nicola.Purvis@dpmc.govt.nz)>  
**Subject:** Forestry and Wood Processing ITP Advisory Group

[IN-CONFIDENCE]

Kia ora Julie

Thanks for your time on the phone earlier. As I explained, the Prime Minister has asked me to conduct a review of Hon Stuart Nash's ministerial communications with donors. I would appreciate your assistance with a couple of factual queries which have arisen from the review, relating to the Forestry and Wood Processing Industry Transformation Plan Advisory Group. The particular questions relate to the process that resulted in Marty Verry, CEO of Red Stag Timber in Rotorua, being appointed to the group in July 2021. I'd like to know:

- The process used to appoint members of the ITP Advisory Group
- The members of the selection panel
- What role, if any, the Minister of Forestry played in the appointment process.

You mentioned there are some briefing papers that set out this information – if you were able to provide me with copies of those, that would be really helpful.

Don't hesitate to call if you need any more information,

Ngā mihi maioha,

Nāku, nā Rachel



**Rachel Hayward (she/her)**  
**Secretary of the Cabinet and Clerk of the Executive Council**  
Cabinet Office, Executive Wing,  
Parliament Buildings, Wellington 6011, New Zealand

DDI s9(2)(a) Mobile s9(2)(a)  
Email: [Rachel.hayward@dpmc.govt.nz](mailto:Rachel.hayward@dpmc.govt.nz)

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**To:** Hon Stuart Nash, Minister of Forestry  
**From:** Henry Weston, Deputy Director-General, Te Uru Rākau

## Update on the Forestry and Wood Processing Industry Transformation Plan – potential policy options and governance

<b>Date</b>	25 March 2021	<b>Reference</b>	B21-0135
-------------	---------------	------------------	----------

<b>Decision required</b>	<b>Date decision required by</b>
YES	6 April 2021

<b>Recommendations</b>
<p><b>Note</b> the development of the Forestry and Wood Processing Industry Transformation Plan (ITP) is near the end of the initial engagement and scoping phase and is on target to be completed by November 2021.</p>
<p><b>Note</b> officials are seeking your input and direction on the draft objectives and initial policy options that have been identified for the ITP.</p>
<p><b>Note</b> the draft objectives, outcomes and initial policy options have been informed by:</p> <ul style="list-style-type: none"> <li>engagement with the sector, the Forestry Ministerial Advisory Group, unions, other government agencies and various other stakeholders during the engagement and scoping phase (Phase 1) of the ITP</li> <li>Government initiatives to meet its climate changes targets and the opportunity this represents for the sector.</li> </ul>
<p><b>Agree</b> to discuss and provide feedback on the draft outcomes, objectives, and policy priority areas with officials on 6 April.</p>
<p><b>Agree</b> to the establishment of an Advisory Group of industry thought leaders as proposed.</p>
<p><b>Agree</b> to forward this briefing to the Minister for the Environment, the Minister for Climate Change, and the Minister of Agriculture.</p>



<b>Consultation</b>
NO CONSULTATION REQUIRED

<b>Contacts for telephone discussion (if required)</b>			
<b>Name</b>	<b>Position</b>	<b>Contact number</b>	<b>First contact</b>
Henry Weston	Deputy Director-General, Te Uru Rākau	s9(2)(a)	<input type="checkbox"/>
Jason Wilson	Director, Sector Investment, Te Uru Rākau		<input checked="" type="checkbox"/>
Jennie Marks	Manager, Sector and Bioeconomy, Te Uru Rākau		<input type="checkbox"/>
Sylvia Frean	Senior Policy Analyst, Sector and Bioeconomy, Te Uru Rākau		<input type="checkbox"/>

Key messages
<p>The Forestry and Wood Processing sector (the sector) is uniquely placed to support and benefit from New Zealand's transition to a sustainable, vibrant, and low emissions economy.</p>
<p>The Forestry and Wood Processing Industry Transformation Plan (ITP) will set the direction and short-, medium- and long-term actions to transform the sector and accelerate New Zealand to a zero-carbon economy by 2050.</p>
<p>We seek your input and direction on the proposed vision, draft outcomes, objectives, and potential policy options we should investigate - which have been informed by:</p> <ul style="list-style-type: none"> <li>• engagement with the sector, the Forestry Ministerial Advisory Group, unions, other government agencies and various other stakeholders during the engagement and scoping phase (Phase 1) of the ITP</li> <li>• Government initiatives to meet its climate change targets and the opportunity this represents for the sector.</li> </ul>
<p>This briefing proposes to establish a Forestry and Wood Processing Advisory Group (Advisory Group) made up of industry thought leaders to provide advice and feedback over the next two phases of the ITP development. This supports the principle that the ITPs must take a partnership-led approach.</p>

## **Context on the Industry Transformation Plans**

*Industry Transformation Plans are central to the Government's Economic Strategy*

1. Industry Transformation Plans (ITPs) are being developed across six priority sectors<sup>1</sup>, including the forestry and wood processing sector. These ITPs are the principal vehicles to progress the transformative 'shifts' identified in the Government's Economic Plan for a more productive, sustainable, and inclusive economy.
2. The development of ITPs is guided by principles agreed by Cabinet. These include: taking a partnership-led approach; building and using a strong evidence base to guide and focus interventions; supporting better jobs and rewarding work; being consistent with our international obligations; and ensuring our activity is contributing towards our sustainability goals and environmental resilience.
3. Following the emergence of the Covid-19 pandemic, the Government included two more directives. ITPs must:
  - support industries in transition in response to both the near-term disruption caused by Covid-19 and long-term challenges; and

<sup>1</sup> Construction, Agritech, Digital Technologies, Food and Beverage, Forestry and Wood Processing



- transform industries by lifting productivity and scaling up highly productive and internationally competitive clusters.
4. Recent aide-memoires from Te Uru Rākau provided you with some initial information on the ITP and related Fit for a Better World initiatives (AM20-0797 and AM21-0027 refers). These noted that the ITP will be a long-term plan to support the sector to be more economically viable while also unlocking its potential to contribute to decarbonisation.

## **The opportunity to transform the Forestry and Wood Processing sector**

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*Driving growth and investment in New Zealand forests, wood, and fibre products to accelerate a zero-carbon economy is the key to transforming the sector*

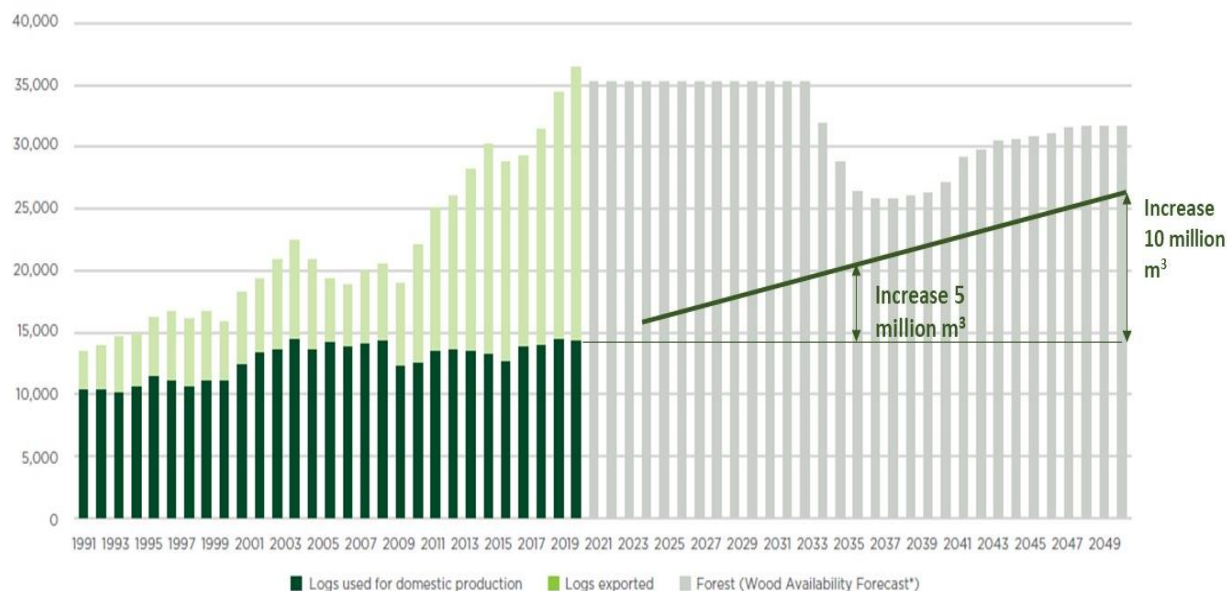
5. The sector is an important contributor to New Zealand's economy; on track to earn nearly NZ\$6 billion in export revenue (year ending June 2021). The future of the sector, however, can take several pathways and the ITP will help provide direction to Government and the sector alike.
6. Both forestry and wood processing are uniquely placed to support and benefit from New Zealand's transition to a sustainable and vibrant low emissions economy. The sector provides enduring solutions for New Zealand's transition to a sustainable and economically vibrant future.
7. While the vision for this ITP is to be determined over the coming months in partnership with stakeholders, transformation is likely to be sought to move the sector from a commodity resource producer to a sector that generates high value jobs and low carbon products by significantly increasing domestic processing.
8. The rationale for driving change is that the sector exports logs on mass and there is a missed opportunity to create more value and jobs in New Zealand by increasing domestic manufacturing of timber and other wood products. Furthermore, there is additionally emerging recognition that biofuels (solid and liquid) will play a key role in the decarbonisation of the transport sector and the process heat sector.

*A snapshot of the sector in terms of log production, export, and domestic processing demonstrates transformative potential to meet New Zealand's economic and environmental objectives*

9. The development of the sector over the last three decades is outlined in **Figure 1** below which also provides a possible forecast of wood availability for the next three decades. Key observations from the available data are that:
  - Domestic processing has remained relatively static since 1991, although there has been consolidation and efficiency gains over this period.
  - The growth in harvested volume has seen increased exports of logs (currently around 61% of harvest) to overseas markets, predominantly to China.
  - New Zealand's domestic wood processors must compete directly for domestic log supply with overseas wood processors who often have a lower cost base.

- To increase domestic production between now and 2050 will require a long-term transformation plan that improves the underlying attractiveness to invest in wood processing in New Zealand.

Figure 1: Roundwood removals, actual vs forecast in m<sup>3</sup> between 1991 and 2049



Source: MPI Forestry Production Statistics, MPI Wood Availability Forecast. \*Wood availability forecast is based on a 26 year harvest rotation.  
Note: MPI - Forecasts are December year end and Actuals are March year end.

10. The forecasts for log availability identify that with the right settings there is a unique opportunity for New Zealand to take advantage of the increased wood resource through increased domestic processing. Potential targets identified in Figure 1 above, show the trajectories required to increase the volume of domestically processed wood by 5 million m<sup>3</sup> in 2035 and by 10 million m<sup>3</sup> in 2050.

*There are changes in the global and domestic markets influenced by demand for low emissions products – and this demand is likely to increase*

11. Changing global and domestic markets means that the market demand for different types of wood-derived products has transformed dramatically over the last decade and will continue to do so over the coming decades.
12. In New Zealand, as overseas, the increasing demand for low emission products means substantial change in the demand for wood and wood residues. One example of this is in New Zealand's industrial process heat sector, where some of our major process heat users are already commencing the transition from fossil fuel derived energy (mostly coal) to woody biomass-derived energy. Fonterra, for example, intends to use biomass to reduce carbon emissions from its production sites by 30% by 2030 while Danone has commissioned a NZ\$30 million biomass boiler for its Balclutha production facility to avoid using coal.
13. A continuation of this trend where 50% of the New Zealand food processing sector switches to woody biomass for energy requirements would require an increase of

around 4 million tonnes of biomass – which is a substantial increase on the woody biomass that is currently available on the domestic market<sup>2</sup>.

14. In practical terms, one possible pathway for ensuring sufficient biomass residue supply for this unique part of the domestic energy demand over the next ten years would necessitate an increase in domestic wood processing capacity equivalent to the addition of fifteen (15) new processing plants (where each plant has an average processing capacity of 600,000 m<sup>3</sup>). This increase in domestic production would produce sufficient residues (wood chip, sawdust etc.) but also increase domestic production of solid wood products by 5 million m<sup>3</sup> (81%) requiring substantial development of domestic and, more importantly, export markets.
15. Alternative sources of supply of woody biomass for energy could also see the sector moving to supply biomass from recovering slash from existing forest or new forestry regimes, including energy crops on lower quality land.
16. As other domestic sectors (the construction sector, the transport sector etc.) continue the transition to a net zero emissions economy, this will also place increasing pressure on the national demand for wood and wood-derived biomaterials and biofuels. For instance, Air New Zealand is indicating its desire to transition to Sustainable Aviation Fuel, manufactured from woody biomass in New Zealand, over the coming decades.

*However, demand for our logs is unlikely to change over the short to medium term*

17. The global demand for New Zealand's export logs is unlikely to drop in the foreseeable future creating the need to decide which pathway New Zealand must take to achieve its strategic goals.
18. As a major (and efficient) grower and supplier of wood fibre (logs), New Zealand is now in the rare position of being able to ensure that its national strategic goals can be achieved while also taking advantage of important economic benefits in terms of future international trade. It is critical however to ensure that the right balance is maintained, and the ITP will provide a roadmap to ensure that a managed transformation occurs.

### **Government's Climate Change policies are a key driver to transform the sector and bring about significant opportunity**

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*There are several initiatives the Government has initiated to meet its 2050 zero carbon target*

19. In addition to creating an ITP that ensures the productivity and viability of the sector, we will be factoring in the Government's recent climate change initiatives so that it can meet its 2050 zero carbon target.
20. The Government has initiated a series of policies, two of which will influence the direction of the ITP and ultimately the sector.

*The Government is taking action to decarbonise process heat in the industrial sector*

21. The Government is putting in place regulation to ensure no new coal-fired process heat assets are built or installed and other fossil fuel assets adopt best practice to

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<sup>2</sup> Calculations from Bioenergy Association New Zealand

reduce their GHG emissions. Additionally, existing fossil-fuels assets will need to be phased out.

22. The regulations are currently being designed and will shortly go to Cabinet (April 2021) seeking feedback and agreement to undertake public consultation. We are engaging with officials to ensure the effects of the regulations are aligned with the ITP – and that the ITP includes strategies for responding to a potentially rapid increase in demand for woody biomass to support the process heat sector decarbonise. We propose draft policy options and interventions in the ITP which will support the sustainable and long-term management and fair allocation of woody biomass.

*The Government has agreed 'in principle' to a Biofuels Mandate*

23. The Government has agreed 'in principle' to introduce a sustainable transport biofuels mandate (Biofuels Mandate) to reduce emissions across the transport sector. Mandating the supply of biofuels is a key mechanism to address barriers to their uptake in transport.
24. The Ministry of Transport and MBIE are designing the regulations and public consultation document which will be discussed and approved by Cabinet in April. We are working closely with agencies to ensure the opportunity to produce biofuels in New Zealand, using woody biomass as a feedstock, is not lost. We propose draft policy options and interventions in the ITP to support the emergence of a biofuels sector in New Zealand. These include incentivising international investment in New Zealand, ensuring supply chains are fairly allocated and efficient, and competing demands for woody biomass - whether by established sectors like pulp and paper - or rapidly growing sectors like solid biofuels - are well managed. We also include initiatives to move to energy crops in the long-term and mechanisms to support long-term certainty of supply.

*The Climate Change Commission has released its draft advice to Government*

25. As well as the two significant policy initiatives introduced by the Government, the Climate Change Commission's draft advice to Government (31 January 2021) has underscored the potential of wood products and woody biomass to support New Zealand's emission reduction targets, including through:
  - a) Sustainable plantation forests that can provide wood and fibre products for use in the construction and building sector in New Zealand and in export markets. These wood products can be used to replace emissions intensive materials, such as cement and steel, and longer-lived wood products can store carbon for the duration of their use-life.
  - b) Forest and sawmill residues (e.g. sawdust, wood chips, etc) can be used in a multitude of applications in the short term - and in the coming decades will likely be prioritised in applications where full decarbonisation is hard to achieve:
    - i. In the short-term: solid biofuels can replace coal used in boilers across the industrial process heat sector.
    - ii. In the medium to long-term: liquid biofuels such as sustainable aviation fuel, biodiesel, renewable diesel, and advanced biofuels can be produced in biorefineries.

- iii. Over the long-term: niche biochemicals, biomaterials and biopharmaceuticals that are of high economic value can replace chemicals and pharmaceuticals produced from petroleum.
26. Given the rapid increase in awareness of the potential of the forestry and wood processing sector to contribute to decarbonising the economy, we include in our draft potential policy options initiatives that ensure afforestation is strategic in its location, planned well in advance and able to deliver to a potential bioenergy economy.
27. It is our view that, as New Zealand and the rest of the world look for ways to reduce emissions while continuing to grow their economies, our forest estate and wood processing sector should be regarded as a major strategic asset. Over the last century, a concerted effort by Government and industry has built one of the most productive forestry sectors in the world. The challenge today will be to harness the unique potential of this resource to increase our economic prosperity while also supporting New Zealand to achieve its climate change goals.

### **Our approach and timeframe for developing the ITP**

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*We are completing the first phase of the ITP and are on track to deliver by the end of 2021*

28. Te Uru Rākau is developing the ITP in three separate phases, each with distinct areas of focus and timeframes: Phase 1 (nearing completion) is the initial engagement and scoping phase (September 2020 – March 2021); Phase 2 is the policy development phase - to determine the outcomes, objectives and policy options of the ITP (March 2021 – September 2021); Phase 3 is the delivery of the final ITP, including the action plan for implementation (September 2021 – November 2021). We describe the three phases in greater detail in Appendix One.

*To inform the ITP we have been engaging with a wide range stakeholders*

29. Early discussion of the ITP began in June 2020 with the Forestry Ministerial Advisory Group, who continue to provide input and feedback via a standing agenda item in its meetings.
30. Our first formal engagement with the sector commenced with a workshop in October 2020, attended by representatives from across the Sector, including forest owners, forest managers, harvesters and contractors, sawmill owners, pulp and paper representatives, log and wood product exporters and domestic end-users. Industry associations, wood councils, science institutions, unions and training organisations were also present.
31. Māori engagement was via Māori forest owners and/or mill owners, forest and mill managers, members of industry associations and the Forestry Ministerial Advisory Group.
32. Following the workshop, we undertook more targeted engagement with stakeholders from other sectors (e.g. industrial process heat users, Transport, Construction and Building) and government agencies - and carried out regional on-site visits to mills to better understand localised supply & demand dynamics.

*The sector raised key issues and challenges that can be addressed as part of the ITP*

33. The issues raised by the sector can be summarised as follows:
- a) log price volatility and short-term supply contracts contribute to the lack of attractiveness for global investment in the sector
  - b) trade distortions (perceived) in the global log supply market which pushes up the price of logs to unsustainable levels for domestic use
  - c) lack of Government support for manufacturing in comparison to overseas economies
  - d) high costs of operating in New Zealand which are increasing at a faster rate than in other economies - including transport and energy costs
  - e) a poor public perception of forestry and of careers in the sector
  - f) the dominance of one species in our plantation forests limits the potential product range
  - g) limited scale of domestic demand for wood (used in domestic building and construction) compared to the availability of the resource
  - h) constraints on the development and commercialisation of new technologies, advanced wood products and low-carbon woody biomass materials stall downstream industry
  - i) there are disparate (and competing) voices across the sector –preventing the sector from working together in a strategic, cohesive, and cooperative manner that benefits all stakeholders
- uncertainty around the long-term targets and objectives for afforestation which creates uncertainty in the market.

### **Draft outcomes and objectives**

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34. Based on our engagement and consideration of the government's climate change goals, we have prepared draft outcomes, objectives, and potential policy options of the ITP to discuss with you before we commence Phase 2. For ease of discussion these are provided on one page in Appendix Two.
35. These outcomes, objectives and policy options align with the ITP guiding principles, support the 'Fit for a Better World' roadmap and incorporate the potential of the sector to address climate change challenges. We also seek to uphold the Crown's obligation under Te Tiriti by ensuring we have a strong partnership with Māori that seeks to realise the full potential of the Māori economy.

*Three high-level outcomes are proposed, aiming to bring about economic, social and environmental objectives*

36. Based on the insights gained and issues raised, we propose the following overarching outcomes:
- a) A productive, and resilient sector
  - b) The sector supports people and places
  - c) The sector is at the heart of the New Zealand bioeconomy.

## ***A productive and resilient sector***

37. This outcome captures the intention to grow a sector that is internationally competitive and sufficiently robust to survive significant financial and market shocks. There are three core objectives that fall under this:

### *Increase value creation and reduce costs across the supply chain*

- a) **Productivity** – the sector is characterised by the quality and cost competitiveness of its wood products, supply chain integration and resource efficiency. Productivity and value creation are maximised.

### *Build confidence of supply and market access*

- b) **Certainty** – New Zealand’s wood processors can invest because they have certainty of supply and transparent pricing to support the production of wood products coupled with the ability to access lucrative markets.

### *Develop new products and end markets*

- c) **Diversity** – New Zealand’s forests and wood processing sector produce a diverse range of wood-derived products for a growing range of markets, reducing the risks from potential market shocks.

## ***The sector supports people and places***

38. New Zealanders recognise the positive environmental, economic and employment contributions of the sector, and this provides social licence for increased operations. This outcome includes the following three objectives:

### *Ensure all New Zealanders see the benefits*

- a) **Recognised value** – New Zealanders recognise the sector for its environmental, social, and economic value to society

### *Support lives and livelihoods*

- b) **Thriving communities** – the sector supports long-term livelihoods for our regional communities and for Māori to meet their economic, environmental, social, and cultural aspirations.

### *Support safe and rewarding careers*

- c) **Rewarding work** – the sector offers safe, rewarding, and high-quality employment and career pathways.

## ***The sector is at the heart of the bioeconomy***

39. The Sector is characterised by natural, sustainable resources and its contribution to the circular bioeconomy producing innovative solutions, growing national energy security, and supporting the decarbonising of the economy. This incorporates three overlapping objectives:

### *Make commercial forests more adaptable and resilient*

- a) **Forests for the future** – New Zealand’s commercial forests are adaptable and resilient, provide improved environmental outcomes and raw material for a wider range of products.



*Substitute non-renewables with sustainable bioproducts*

- b) **Low-carbon solutions** – the sector produces sustainable wood, fibre, biomass and bioproducts that can replace non-renewable materials

*Support New Zealand's energy needs with a trusted biofuel industry*

- c) **Replacing fossil fuels** – the sector produces surplus heat and energy for co-located industries and produces biofuels from renewable resources.

**Possible policy options to investigate to support the objectives and outcomes**

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*The ITP will need to bring about fundamental and transformational shifts*

- 40. To address the issues identified in Phase 1, and to achieve the desired high-level outcomes and associated objectives, the ITP will need to implement a set of fundamental transformational shifts. We propose to use a set of four policy themes in the ITP to group and guide options (and potential interventions) to facilitate the sector transformation required to achieve those shifts.
- 41. The four proposed themes are as follows:
  - a) Develop – improvements to important areas
  - b) Collaborate – New Zealanders working together
  - c) Build – creating new and lasting capability
  - d) Support - targeted government or industry support to make the change
- 42. Transformative change is likely to take several years, with further actions becoming apparent as time progresses. Therefore, to stay current, the ITP will need to be an iterative and 'living' document with short-term, mid-term and long-term actions (like a programme plan). ITP options and potential interventions and implementation plans will need to be amended over time as objectives are achieved or to adapt to changing circumstances.
- 43. We expect direct connections between some of the solutions uncovered by the ITP (and some of the resulting initiatives) to other MPI work programmes in particular, the forestry and climate change work programme. We propose prioritising analysis that will complement these workstreams and maintaining engagement to ensure alignment.
- 44. We also note that these options may not necessarily be led by Te Uru Rākau or MPI but led or funded by different agencies across government. We will seek to become a stakeholder for these, to ensure those initiatives include ITP needs and maintain alignment.
- 45. We present this initial selection of policy options and the potential interventions in Table 1 on the next two pages. These are also incorporated in our overall 'one-pager' in Appendix Two. We seek your feedback and direction on the framework and draft options.

**Table 1: Initial draft policy options and possible interventions to be investigated and nature of intervention identified**

	Initial policy options	Possible Interventions
Develop	Investigate <b>central planning tools</b> to support national scale plantation forests and infrastructure, ensuring strategic location of assets and better environmental outcomes.	<ul style="list-style-type: none"> <li>• <b>As part of developing new Advisory Services, Te Uru Rākau develops a central intelligence and planning function</b> that informs the sector and helps: <ul style="list-style-type: none"> <li>→ Set long-term targets and objectives for afforestation in each region, aligning with ETS policy, to support the decarbonisation pathway</li> <li>→ Align plantation forests, infrastructure, and strategic manufacturing assets.</li> <li>→ Regional Councils undertake the consenting process through mechanisms such as the National Environmental Standards for Plantation Forestry etc.</li> </ul> </li> <li>• <b>Te Uru Rākau provides the sector with information and guidance on forests, biodiversity, silviculture regimes, fibre flows, production volumes, pricing, and product demand</b> to support industry and planning</li> </ul>
	<b>Economic and resilient silviculture regimes</b> to support future needs of a low carbon economy, incl. energy crops, permanent forestry and log supply to grow domestic processing (e.g. pruned).	<ul style="list-style-type: none"> <li>• Partner with Scion and industry to undertake research into the viability of <b>alternative commercial regimes</b> linked to market outcomes.</li> <li>• Explore the potential of <b>genome editing tools</b> to improve forest stock and increase forest resilience to climate change</li> <li>• Provide financial incentives that increase supply of <b>pruned logs</b> and help other commercial silviculture regimes that support future needs of a low carbon economy – e.g. energy crops (coppiced trees).</li> </ul>
	<b>Large scale export markets</b> for NZ wood products by increasing investment in market access campaigns.	<p><i>Government-Industry Collaboration</i></p> <ul style="list-style-type: none"> <li>• Introduce a larger <b>industry wide revenue generation mechanism</b> for all wood products (including logs). This mechanism is in addition to the Forest Growers Levy and supports industry development outlined below</li> </ul>
Collaborate	<b>A united voice for the forestry and wood processing sector</b> that can champion the sector and promote wood products as the ultimate low carbon product.	<ul style="list-style-type: none"> <li>• Form a new <b>industry development organisation</b> charged with providing Governance over programs aimed at developing new markets, building the social license of the industry in NZ and supporting industry development through R&amp;D, commercialisation and standards.</li> <li>• <b>Industry and Government partner</b> to develop programs specifically focussed on <b>developing new domestic and export markets</b> for wood products that increases demand for existing wood processors and develops new markets to support new investment in wood processing.</li> <li>• Government supports <b>commercialisation of new low carbon wood products and bio-based products</b> such as: bioplastics, biochemicals, biopharmaceuticals (etc) from idea creation through product development, commercialisation and to internationalisation.</li> </ul>
	<b>Improve linkages between Te Uru Rākau, Scion and industry</b> with targeted funding to develop and commercialise new low carbon wood products and bio-based products.	
	<b>Partnerships with Māori investors, landowners, and iwi</b> to increase investment in the processing sector safeguards/de-risks returns from forests and creates distributed jobs.	<p><i>Crown- Māori Collaboration</i></p> <ul style="list-style-type: none"> <li>• Prioritise partnerships and commercial opportunities with Māori investors, landowners, and regional iwi to <b>establish forests</b> on underutilised Māori land</li> <li>• <b>Align Māori skills training</b> with labour force opportunities in partnership with forest owners.</li> </ul>

	Possible Interventions	Policy options
Build	Skills and capability to support the industry of the future.	<ul style="list-style-type: none"> <li>• <b>Match roles to regions</b> with workforce action plans and training programs. Develop career pathways at each point in the supply chain from forest establishment, to forest management, wood processing and new products. Build skills capability needed for new technology.</li> </ul>
	Long term certainty of resource supply and market transparency to underpin investment	<ul style="list-style-type: none"> <li>• <b>Facilitate aggregated log supply from small lots</b> to create consistent and reliable supply from and returns to small growers.</li> <li>• <b>Encourage industry standard log supply contracts</b> that can be adopted to increase supply and certainty of logs and biomass to domestic processors/users</li> <li>• <b>Manage the transition to woody biomass markets</b> to facilitate a smooth transition to an industry landscape in the future where alternative uses of residues are balance between competing needs (e.g. supply to pulp and paper versus bioenergy).</li> <li>• <b>Complete legislative changes</b> to strengthen the integrity of the supply chain to ensure <b>wood legality and fair trading</b>.</li> <li>• <b>Develop a 'futures' market</b> allowing log and wood products buyers and sellers to hedge against price fluctuation and guarantee log supply.</li> <li>• <b>Increase availability of residues</b> through policies that encourage the safe and cost-effective removal of forest residues (slash).</li> </ul>
	Attract investment in new facilities in NZ utilising technologies that assist with the transition to a low carbon future and utilise logs that are currently exported.	<ul style="list-style-type: none"> <li>• <b>Undertake the development of profitable business cases</b> for investment in NZ to produce biocrude, liquid biofuels, solid biofuels and increase wood processing capacity to supply residues. Use these business cases to inform what policy options will assist with attracting investment to NZ.</li> </ul>
	Transition Pathways to the future so that existing industry and communities can adapt and contribute where possible.	<ul style="list-style-type: none"> <li>• Ensure <b>regional plans for wood processing</b> taking into consideration time and how to manage Just Transitions.</li> </ul>
Support	Increased use of long-lived wood products in construction and buildings.	<ul style="list-style-type: none"> <li>• Investigate the use of a <b>Harvested Wood Product carbon accounting</b> that is already part of the national greenhouse gas inventory to either: <ul style="list-style-type: none"> <li>→ incentivise the use of longer-lived wood products in construction and buildings</li> </ul> </li> <li>and/or <ul style="list-style-type: none"> <li>→ stimulate investment in the wood processing sector by allowing investors access to already accounted for funds if they invest to increase domestic production.</li> </ul> </li> <li>• Increase demand for wood products by supporting the sector <b>build skills and knowledge in the specification of wood products</b> in mid - high rise construction</li> </ul>
	Establishment of new bio-industries by providing regulatory certainty and necessary support for a new domestic industry.	<ul style="list-style-type: none"> <li>• <b>Establish a focal point in appropriate government departments</b> with the mandate to establish a bioeconomy with streamlined approvals processes</li> <li>• Introduce a <b>biofuels mandate</b> to incentivise international investment in biofuels production in New Zealand.</li> <li>• <b>Government Equity or Debt support</b> for credible operating partners wishing to invest to establish bio-industries in NZ.</li> </ul>
	Accelerate Strategic Investment in the wood processing sector in locations with supporting supply and infrastructure.	<ul style="list-style-type: none"> <li>• Actively support the development of strategically placed <b>manufacturing clusters</b> (e.g. Industrial parks) that facilitate a circular bioeconomy with streamlined approvals processes</li> <li>• <b>Provide Accelerated Depreciation</b> to manufacturing organisations who invest in technologies that contribute to accelerating emissions reductions and increasing productive yield from renewable resources.</li> <li>• <b>Reduce energy cost</b> for processors by incentivising co-generation of electricity using processing residues and the sale of renewable energy products generated from those residues</li> </ul>

## **Establishing an Advisory Group to provide expertise, an industry perspective and to challenge our thinking to ensure the ITP is bold and actionable**

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*The establishment of an Advisory Group will give effect to the principle that all ITPs should be developed in partnership with industry*

46. To support the next two phases of the ITP development, we would like to establish an Advisory Group (the Group) of industry thought leaders to support officials in the policy development, public engagement and drafting of the ITP.
47. To avoid overlaps or double-ups with other existing formal Advisory Groups, such as the Forestry Ministerial Advisory Group (FMAG) and the Food and Fibre Partnership Group (FFPG), we propose the Group be established as a sub-group of the Forestry Ministerial Advisory Group and time-bound to the duration of the ITP development. We would need to work through how this would work, including the independent role that FMAG plays.
48. As well as key FMAG members we will include additional members to ensure experts with specific technical knowledge and representatives from the workforce and Māori are included
49. The Group will be able to provide officials with sector, technical and investment insight to inform the ITP development and generate support (or 'buy-in'). This will enable Government to have confidence that the ITP provides a roadmap that is effective, workable, and acceptable to industry, workers, and Māori business.
50. Specific functions the Group would perform include:
  - a) providing feedback on the vision, objectives, and policy scope
  - b) informing the development of a work programme
  - c) testing ideas and policy options
  - d) providing advice on research scope proposals and feedback on research results
  - e) reviewing and providing feedback on draft outputs, including policy under development and draft chapters of the ITP
  - f) contribute advice on potential expertise that could be used in subsequent workstreams (through working groups etc.) once the ITP has been submitted/ approved
  - g) providing connections to people with relevant technical knowledge and expertise to support research and policy development
  - h) helping identify opportunities and linkages to strengthen the ITP.
51. Once the outcomes, objectives and policy options for the ITP are approved by yourself, we will approach FMAG and the broader industry for candidates with relevant skills and the right qualities.
52. We would like to establish the Advisory Group by mid- to end April and disestablish it once the ITP has been finalised. Another group may be established with responsibility for implementation of the ITP recommendations at that point.

53. We would welcome a subsequent discussion with you on the potential membership and specific role of the Advisory Group. To inform this discussion we include a draft Terms of Reference in Appendix Three.

### **Next steps**

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54. We will meet with you to receive your feedback and direction on the draft objectives, policy options and potential interventions set out in this briefing.
55. We will work towards the establishment of the Advisory Group by end April 2021.
56. Undertake policy analysis, research, and develop recommendations for your review and endorsement over the coming months as we complete the ITP.



## Recommendations

57. It is recommended that you:

- a) **Note** the Forestry and Wood Processing Industry Transformation Plan (ITP) is nearing the end of the engagement and scoping phase and is on target to be completed by November 2021. **NOTE**
- b) **Note** officials are seeking your input and direction on the draft objectives and initial policy options that have been identified for the ITP. **NOTE**
- c) **Note** the draft objectives, outcomes and potential policy options have been informed by:
- engagement with the sector, the Forestry Ministerial Advisory Group, unions, other government agencies and various other stakeholders during the engagement and scoping phase (Phase 1) of the ITP
  - Government initiatives to meet its climate changes targets and the opportunity this represents for the sector. **NOTE**
- d) **Agree** to discuss and provide feedback on the draft outcomes, objectives, and policy priority areas with officials on the 6 April. **AGREE**
- f) **Agree** to the establishment of an Advisory Group as proposed. **AGREE**
- f) **Agree** to forward this briefing to the Minister for the Environment, the Minister for Climate Change, and the Minister of Agriculture. **AGREE**

Henry Weston  
Acting Deputy Director-General  
Te Uru Rākau

Hon Stuart Nash  
Minister of Forestry

/ / 2021

Minister's comments

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## Appendix One: Stages for the development of the ITP

Phase	Focus	Timeframe
<p><b>Phase 1</b></p> <p>(nearing completion)</p>	<p><b><i>Engagement and scoping</i></b></p> <p>Identify key opportunities and barriers to transformation across the forestry and wood processing value chain through widespread engagement.</p> <p>→ An industry-wide workshop was held in October 2020, informed by the results of an earlier survey. The workshop was followed by regional visits to New Zealand's major forestry regions to understand region-specific dynamics and opportunities.</p> <p>→ Participants were asked to identify opportunities to fix what they saw as current problems in the sector (discussed below), to improve what they felt was currently working well, and to identify opportunities for significant growth and transformation.</p> <p>Link with other ITPs and relevant cross-Government work programmes.</p> <p>Commission research to develop the evidence base to inform the policy development stage.</p> <p>Draft the scope, objectives, and priority areas for policy development.</p>	<p>Sept 2020 –March 2021</p>
<p><b>Phase 2</b></p>	<p><b><i>Exploring pathways for transformation</i></b></p> <p>Seek input from the Minister of Forestry on the draft scope, objectives, and policy options of the ITP, and the function and membership of an Advisory Group.</p> <p>Establish the Advisory Group.</p> <p>Begin policy development - informed by advice from the Advisory Group, targeted engagement and workshops with stakeholders, and insights from research.</p> <p>Seek endorsement of policy proposals from the Minister of Forestry, and ministers with intersecting portfolios.</p> <p>Commence the drafting of the ITP.</p>	<p>March 2021 – September 2021</p>
<p><b>Phase 3</b></p>	<p><b><i>Delivering an effective and actionable plan</i></b></p> <p>Prepare a draft consultation document.</p> <p>Seek Cabinet agreement to consult.</p> <p>Incorporate feedback from public consultation into final ITP document and seek Minister of Forestry approval of the final document.</p>	<p>September 2021 – November 2021</p>



**Appendix Two: Draft framework with proposed objectives and policy options**

<p><b>Vision</b> Where do we want to be with the help of the ITP?</p>	<p>Transform the sector from a commodity resource producer to one that generates high value jobs and low-carbon products and increases domestic processing</p>								
<p><b>Goals</b> What does success look like?</p>	<p><b>Growing a productive and resilient sector</b> Tomorrow's sector is internationally competitive across the supply chain</p>			<p><b>Supporting people and places</b> The sector is inclusive and a significant contributor to regional development</p>			<p><b>Wood Processing is at the heart of the bioeconomy</b> Sustainable forests and wood products provide innovative low carbon solutions</p>		
<p><b>Objectives</b> What do we need to achieve?</p>	<p><b>Productivity</b> Increase value creation and reduce costs across the supply chain</p>	<p><b>Certainty</b> Build confidence of supply and market access</p>	<p><b>Diversity</b> Develop new products and end markets</p>	<p><b>Recognised Value</b> All New Zealanders see the benefits</p>	<p><b>Thriving communities</b> The Sector supports lives and livelihoods</p>	<p><b>Rewarding Work</b> The Sector offers safe and rewarding careers</p>	<p><b>Forests for the future</b> Make commercial forests more adaptable and resilient</p>	<p><b>Low-carbon solutions</b> Substitute non-renewables with sustainable bioproducts</p>	<p><b>Replacing fossil fuels</b> Support New Zealand's energy needs with a trusted biofuel industry</p>
<p><b>Shifts</b> What would need to change?</p>	<ul style="list-style-type: none"> <li>Provide certainty of supply to the domestic log and biomass supply chains</li> <li>From exporting logs to developing new export markets for wood products that are larger than the domestic market</li> <li>Increased investment in on shore manufacturing</li> <li>Monoculture of pine to diversified commercial species and forestry regimes</li> </ul>			<ul style="list-style-type: none"> <li>People understand the value of forestry and wood processing to regional communities and careers for New Zealanders</li> <li>Economic opportunities for Māori have increased participation in forestry and vertically integrated processing creating jobs in regional communities.</li> <li>From oil and coal to wood as a source of energy.</li> <li>High carbon materials replaced with low carbon alternatives from woody biomass.</li> </ul>			<ul style="list-style-type: none"> <li>New policy settings stimulate domestic demand for wood and bio-based products</li> <li>No prohibitive constraints on the development and commercialisation of new technologies, advanced wood products and low-carbon woody biomass materials</li> </ul>		
<p><b>Policy options</b> (What do we need to focus on to support transformation?)</p>	<p><b>DEVELOP</b></p> <ul style="list-style-type: none"> <li>Investigate <b>Central planning tools</b> to support national scale plantation forests and infrastructure, ensuring strategic location of assets and better environmental outcomes</li> <li><b>Economic and resilient silviculture regimes</b> to support future needs of a low carbon economy, incl. energy crops, permanent forestry and log supply to grow domestic processing (e.g. pruned)</li> <li><b>Large scale export markets</b> for NZ wood products by increasing investment in market access campaigns</li> </ul>		<p><b>COLLABORATE</b></p> <ul style="list-style-type: none"> <li><b>A united voice for the forestry and wood processing sector</b> that can champion the sector and promote wood products as the ultimate low carbon product.</li> <li><b>Improve linkages between Te Uru Rākau, SCION and industry</b> with targeted funding to develop and commercialise new low carbon wood products and bio-based products.</li> <li><b>Partnerships with Māori investors, landowners and iwi</b> to increase investment in the processing sector, safeguard/de-risk returns from forests and create distributed jobs</li> </ul>		<p><b>BUILD</b></p> <ul style="list-style-type: none"> <li><b>Skills and capability</b> to support the industry of the future.</li> <li><b>Long term certainty of resource supply</b> and market transparency to underpin investment</li> <li><b>Attract investment in new facilities in NZ</b> utilising technologies that assist with the transition to a low carbon future and utilise logs that are currently exported</li> <li><b>Transition Pathways to the future</b> so existing industry and communities can adapt and contribute where possible</li> </ul>		<p><b>SUPPORT</b></p> <ul style="list-style-type: none"> <li><b>Increased use of long-lived wood products</b> in construction and buildings</li> <li><b>Establishment of new bio-industries</b> by providing regulatory certainty and necessary support for a new domestic industry</li> <li><b>Accelerate Strategic Investment in the wood processing sector</b> in locations with supporting supply and infrastructure</li> </ul>		
<p><b>and Possible interventions</b></p>	<ul style="list-style-type: none"> <li><b>Te Uru Rākau develops a central intelligence and planning function</b> that informs the sector and helps:                             <ul style="list-style-type: none"> <li>Set long-term targets and objectives for afforestation in each region, aligning with ETS policy, to support the decarbonisation pathway</li> <li>Align plantation forests, infrastructure and strategic manufacturing assets.</li> <li>Regional Councils undertake the consenting process through mechanisms such as the National Environmental Standards for Plantation Forestry etc.</li> </ul> </li> <li><b>Te Uru Rākau provides the sector with information and guidance</b> on forests, biodiversity, silviculture regimes, fibre flows, pricing, and products demand to support industry and planning</li> <li>Partner with Scion and Industry to undertake research into the viability of <b>alternative commercial regimes</b> linked to market outcomes.</li> <li>Explore potential of <b>genome editing tools</b> to improve forest stock and increase forest resilience to climate change</li> <li>Provide financial incentives that increase supply of <b>pruned logs</b> and help other commercial silviculture regimes that support future needs of a low carbon economy – e.g. energy crops (coppiced trees).</li> </ul>		<p><i>Government-Industry Collaboration</i></p> <ul style="list-style-type: none"> <li>Introduce a larger <b>industry wide revenue generation mechanism</b> for all wood products (including logs). This mechanism is in addition to the Forest Growers Levy and supports industry development outlined below</li> <li>Form a new <b>industry development organisation</b> charged with providing Governance over programs aimed at developing new markets, building the social license of the industry in NZ and supporting industry development through R&amp;D, commercialisation and standards.</li> <li><b>Industry and Government partnership</b> to develop programs specifically focussed on <b>developing new domestic and export markets</b> for wood products that increases demand for existing wood processors and develops new markets to support new investment in wood processing</li> <li>Government supports <b>commercialisation of new low carbon wood products and bio-based products</b> such as: bioplastics, biochemicals, biopharmaceuticals (etc) from idea creation through product development, commercialisation and to internationalisation.</li> <li>Better connect and <b>leverage international groups</b> and organisations to transition to a <b>bioeconomy</b></li> </ul> <p><i>Crown- Māori Collaboration</i></p> <ul style="list-style-type: none"> <li>Prioritise partnerships and commercial opportunities with Māori investors, landowners and regional iwi to <b>establish forests</b> on underutilised Māori land</li> <li><b>Align Māori skills training</b> with labour force opportunities in partnerships with forest owners</li> </ul>		<ul style="list-style-type: none"> <li><b>Match roles to regions</b> with workforce action plans and training programs. Develop career pathways at each point in the supply chain from forest establishment, to forest management, wood processing and new products. Build skills capability needed for new technology.</li> <li><b>Facilitate aggregated log supply</b> from small lots to create consistent and reliable supply from and returns to small growers</li> <li><b>Encourage industry standard log supply contracts</b> that can be adopted to increase supply and certainty of logs and biomass to domestic process/users</li> <li><b>Manage the transition of woody biomass markets</b> to facilitate a smooth transition to an industry landscape in the future where alternative uses of residues are balanced between competing needs (e.g. supply to pulp and paper versus bioenergy).</li> <li><b>Complete legislative changes</b> to strengthen the integrity of the supply chain to ensure <b>wood legality and fair trading</b></li> <li><b>Develop 'futures' market</b> allowing log and wood products buyers and sellers to hedge against price fluctuation and guarantee log supply</li> <li><b>Increase availability of residues</b> through policies that encourage the safe and cost-effective removal of forest residues (slash)</li> <li><b>Undertake the development of profitable business cases</b> for investment in NZ to produce biocrude, liquid biofuels, solid biofuels and increase wood processing capacity to supply residues. Use these business cases to inform what policy options will assist with attracting investment to NZ</li> <li>Ensure <b>regional plans for wood processing</b> taking into consideration time and how to manage Just Transitions</li> </ul>		<ul style="list-style-type: none"> <li><b>Establish a focal point in appropriate government departments</b> with the mandate to establish a bioeconomy with streamlined approvals processes</li> <li><b>Provide Accelerated Depreciation</b> to manufacturing organisations who invest in technologies that contribute to accelerating emission reductions and increasing productive yield from renewable resources</li> <li><b>Government Equity or debt support</b> for credible operating partners wishing to invest in NZ</li> <li>Investigate the use of a <b>Harvested Wood Product carbon accounting</b> that is already part of a national greenhouse gas inventory to either:                             <ul style="list-style-type: none"> <li>incentivise the use of longer-lived wood products in construction and buildings and /or</li> <li>stimulate investment in the wood processing sector by allowing investors access to already accounted for funds if they invest to increase domestic production</li> </ul> </li> <li>Increase demand for wood products by supporting the sector <b>build skills and knowledge</b> in the specification of wood products in mid- and high-rise construction</li> <li>Introduce a <b>biofuels mandate</b> to incentivise international investment in biofuels production in New Zealand</li> <li>Actively support the development of strategically placed <b>manufacturing clusters (i.e. industrial parks)</b> that facilitate a circular bioeconomy</li> <li><b>Reduced energy cost</b> for processors by incentivising co-generation of electricity using processing residues and the sale of renewable energy generated from residues</li> </ul>		



## Appendix Three: Draft Terms of Reference for the Forestry and Wood Processing ITP Advisory Group



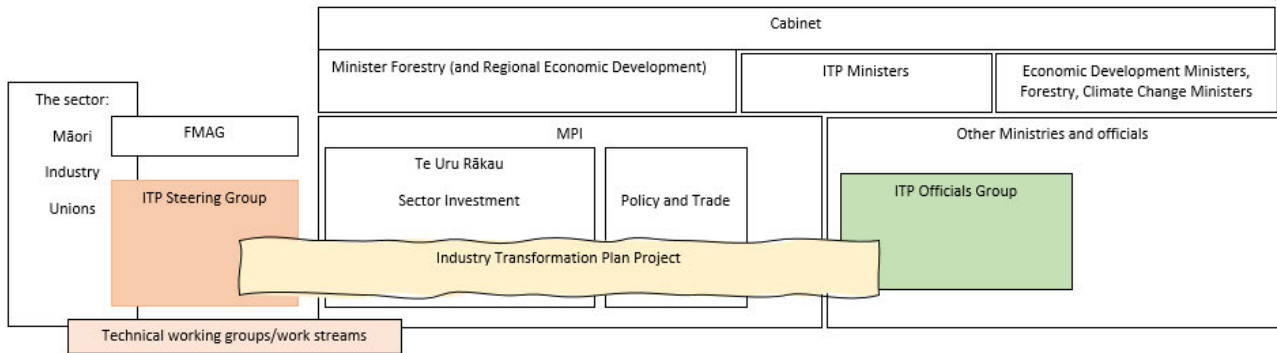
**Te Uru Rākau**  
Forestry New Zealand

### DRAFT TERMS OF REFERENCE

#### Forestry and Wood Processing Industry Transformation Plan Advisory Group

#### PURPOSE

1. These Terms of Reference set out the role and scope for the Forestry and Wood Processing Industry Transformation Plan Advisory Group.



#### BACKGROUND

2. The Forestry and Wood Processing Sector plays a crucial role in New Zealand’s economy, environment, and social and cultural wellbeing of our people.
3. There are many participants in the Forestry and Wood Processing system, including MPI, who is charged with overall leadership of the system; the Ministry of Business, Innovation and Employment; the Department of Conservation; the Ministry of the Environment; regional councils; industry organisations; iwi; businesses; supply chain/shipping and freight forwarders; research and education providers; and community groups.
4. In February 2019, Cabinet agreed to refresh industry policy via Industry Transformation Plans (ITPs) to develop a long-term plan for key sectors to drive the transformation towards the Government’s vision of a production, sustainable and inclusive economy by 2050.
5. Cabinet agreed the ITPs must be shaped by the following guiding principles:
  - a) taking a partnership-led approach with stakeholders
  - b) building and using a strong evidence base to guide focus and interventions
  - c) using sector-specific strategies
  - d) leveraging international connections, and being consistent with our international obligations
  - e) providing clear and consistent signals from Government on a proposed course of action

- f) upholding the Crown's obligation under Te Tiriti by ensuring strong partnership with Māori that seek to realise the full potential of the Māori economy
  - g) ensuring short-term actions are consistent with the long-term vision
  - h) a strong focus on workforce and skills, supporting better jobs, involving rewarding and sustainable work, and good wages and conditions
  - i) ensuring our activity is contributing towards our sustainability goals and environmental resilience.
6. Ten sectors were selected for a refresh with six transformation plans prioritised: construction (through the Construction Sector Accord), Agritech, Advanced Manufacturing, Food and Beverage, **Forestry and Wood Processing** and Digital Technologies. Two more sectors have been added in June 2020 in response to the economic impacts of COVID-19: Tourism and the Film Industry Sector.
  7. Post COVID-19, the focus of the ITPs will now incorporate structural issues in the sector that could leave New Zealand exposed in a post COVID-19 world, with export markets vulnerable to either emerging protectionist measures or declining orders.
  8. A work programme, together with funding, to support the development of the Forestry and Wood Processing Industry Transformation Plan has been initiated by MPI and is being led by Te Uru Rākau. Initial stakeholder engagement commenced with discussions with the Forestry Ministerial Advisory Group (FMAG), followed by a workshop in December and individual meetings across the sector and New Zealand.
  9. To give effect to the principle of taking a partnership approach to developing the Forestry and Industry ITP, Te Uru Rākau is now standing up the Forestry and Wood Processing Industry Transformation Advisory Group ('Advisory Group'), as a sub-group under FMAG.

## PURPOSE OF THE GROUP AND SCOPE OF WORK

10. The purpose of the Advisory Group is to support the development of the Forestry and Wood Processing Industry Transformation Plan ('ITP').
11. The scope of work for the Advisory Group is to:
  - a) Contribute thought-leadership to, and grow the engagement in, the development of the ITP
  - b) Use influence and networks to help promote the value of the ITP across key stakeholders within New Zealand
  - c) Help identify opportunities and linkages to strengthen the ITP
  - d) Coordinate or lead 'technical or working groups', that may potential be used within the Advisory Group, to focus on particular issues
  - e) Take an oversight role in ensuring the principles are incorporated into the ITP
  - f) Test ideas and options as they arise
  - g) Provide advice on research scope proposals and feedback on research reports
  - h) Review and provide feedback on draft outputs, including policy under development and draft chapters of the ITP.
  - i)

## MEMBERSHIP: SKILLS AND CAPABILITIES

12. Advisory Group membership will be drawn from members of FMAG and a range of organisations and businesses - and will include a representative from Te Uru Rākau, NZTE,

MBIE and a representative from a New Zealand Council of Trade Unions member organisation.

13. Members will need to have a mix of the following skills and capability:
  - a) Have knowledge and relationships within their own organisation, sector or community:
    - i. deep knowledge and understanding of their sector or organisation
    - ii. very good networks and relationships to draw on
    - iii. sufficient mana or standing to influence support for the ITP
    - iv. a willingness to challenge conventional thinking.
  - b) Ability to work collaboratively and take a system view:
    - i. ensure a collaborative process is used in the advisory process.
  - c) Have knowledge and understanding of the forestry and wood processing sector:
    - i. understand the values and sector specific strategies in the sector, how they are inter-related, and the inherent tensions between them.
  - d) Bring relevant knowledge or subject matter expertise to the table which complements the skills of other Advisory Group members:
    - ii. have expertise or considerable experience in a mix of engagement, communications participation, leadership, governance, business, management, community and/or be a key influencer or expert in the forestry or wood processing system.
  - e) Capacity to contribute:
    - i. have a genuine interest in the ITP's outcomes and overall success
    - ii. have sufficient time to actively participate in meetings, lead technical working groups and carry out wider engagement as may be required to influence the ITP's performance and delivery.
  - f) If an Advisory Group member is unable to attend a meeting, they may send a substitute in their place. That person should have the skills and capability outlined above.
14. The Advisory Group would be 'advisory' only with no budgetary authority. The scope of the group will be to focus on supporting and helping to leverage wider influence and outcomes for the ITP.

## FUNCTIONING OF THE ADVISORY GROUP

15. The Sector Investments Directorate team in Te Uru Rākau will provide overall programme coordination services.
16. These services will include:
  - a) Communication support
  - b) Event management for any regional forums
  - c) Membership management
  - d) Collateral production.
17. The Advisory Group will generally meet monthly with some members meeting face-to-face and others meeting via videoconference or teleconference call, depending on what best supports individual's attendance at the meeting event.
18. The Advisory Group will have approximately eight to ten at any given time with the flexibility to change out and add new members as and when required, subject to availability, changes in roles, etc. and taking into account the need for gender balance and diversity.

19. The Chair of the Advisory Group will be selected by the members and reviewed quarterly following the first appointment.
20. The Advisory Group will review and sign off on its own terms of reference.

## TIMEFRAME

21. The Advisory Group will be established from X April 2021 with an intention to confirm the Advisory Group members by X April 2021.
22. Members are appointed until the final draft of the ITP is completed.

## SUPPORT

23. All parties will meet their own costs for participating in the Advisory Group.

## COMMUNICATIONS

24. The Chair of the Advisory Group will be the lead industry media spokesperson for the ITP programme. All media enquiries made to the Advisory Group members will be referred to the Chair in the first instance for response or delegation at the discretion of the Chair.

## CONFLICT OF INTEREST

25. Where Advisory Group members face potential conflicts of interest, or the perception of a conflict, these will be declared and managed appropriately.

## CONFIDENTIALITY AND INFORMATION

26. The Advisory Group members should assume that all information presented to the group, whether written or in oral form, is confidential and may not be made public.
27. If there is a desire to release the information, the Chair will seek agreement from anyone who supplied confidential information for confidentiality to be waived.
28. Where information is already in the public domain (through no fault of a member or observer), the confidentiality requirements do not apply to that information.
29. Advisory Group Members and observers must always comply with the requirements of the Privacy Act 1993 and keep information about identifiable individuals confidential.
30. All information provided to the Advisory Group will be treated as official information under the Official Information Act 1982 and, subject to the requirements of that Act, may be released to the public if there are no grounds for withholding it.
31. If information is required to be released under the Official Information Act 1982 it will only be released to the extent necessary.
32. If the Ministry for Primary Industries/ Te Uru Rākau is considering releasing information under the Official Information Act 1982, it will attempt to consult with the person who provided the information before making a final decision on release.