

Read *KWA*

# Departmental Briefing

## In Confidence



GS ref: 22-B-0066  
DOCCM: DOC-6925183

To: Minister of Conservation  
Minister of Tourism  
Minister of Transport

Date: 17 March 2022

Subject: Options for remunerating the Chair of the Milford Opportunities Project (MOP) Board

Action sought:

**s9(2)(a)**

Agree for the Minister of Conservation to sign the attached letter to the Minister for the Public Service, seeking his support for an exemption.

<b>Risk Assessment:</b>	The MOP has been assessed as having a high-risk profile by Treasury	<b>Department's Priority:</b>	High
		<b>Level of Risk:</b>	Medium

### Contacts

Name and position	Cell phone	First contact	Principal author
Claire Spencer, Manager, Regional Visitor Planning	<b>s9(2)(a)</b>	✓	
Rachael McMillan, Senior Regional Visitor Planner	<b>s9(2)(a)</b>		✓

## Executive summary – Whakarāpopoto ā kaiwhakahaere

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1. The MOP Ministerial Group wrote to Dr Keith Turner, appointing him Chair of the MOP Board, noting that his fee would be set at a later date, but that it would be in accord with the Cabinet Fees Framework (**the Framework**).

2.

**s.9(2)(a)**

3.

4.

**s9(2)(g)(i)**

Fees exceeding the Framework require an exemption from Cabinet's Appointments and Honours Committee (**APH**).

5. Before seeking an exemption from APH, you need to consult with the Minister for the Public Service on the matter.

6.

**s9(2)(g)(i)**

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**We recommend that you ... (Ngā tohutohu)**

		<b>Paragraph Reference</b>	<b>Decision</b>
(a)	<b>s9(2)(g)(i)</b>	13-27	<input checked="" type="radio"/> Yes / <input type="radio"/> No
(b)		28	<input checked="" type="radio"/> Yes / <input type="radio"/> No


\_\_\_\_\_  
Hon Stuart Nash  
**Minister of Tourism**

11  
  
\_\_\_\_\_  
Hon Kiri Allan  
**Minister of Conservation**

18/03/22  
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Hon Michael Wood  
**Minister of Transport**

16/04/2022

  
\_\_\_\_\_  
Bruce Parkes  
**Deputy Director General, Policy & Visitors**  
For Director-General of Conservation

## Purpose – Te aronga

7. This briefing recommends the MOP Ministerial Group seek the support of the Minister for the Public Service. s9(2)(a)

## Background

8. On 6 August 2021, you sent a letter to Dr Keith Turner, appointing him Chair of the MOP Board (Appendix 2). In that letter, you noted that his fee would be set at a later date, but that it would be in accord with the Framework.

9. Dr Turner has not formally accepted his appointment as the MOP Chair by signing the letter acknowledging his appointment that you provided him on 6 August 2021.

s9(2)(a)

10. We have determined the MOP Board to be a Group 4, Level 1 entity. The Framework recommends a daily rate of between \$540 and \$1,150 for a Chair of such an entity.

11. s9(2)(g)(i)

12. s.9(2)(a)

## We recommend you seek support from the Minister for the Public Service for an exemption.

13. We recommend the MOP Ministerial Group agrees to seek support from the Minister for the Public Service. s9(2)(a)

This recommendation is based on:

- the pioneering significance of the MOP
- MOP's commercial and stakeholder complexity

14. s9(2)(g)(i)

## The MOP is commercially complex.

15. With the multiple parties that hold rights and/or statutory responsibilities related to Milford Sound Piopiotahi, the MOP is a commercially complex project. It will require high levels of commercial experience and judgement to navigate the complexities of the existing commercial arrangements and to ensure that any new proposals are commercially viable. The MOP will be dealing with senior and experienced commercial operators and requires a chair with significant commercial experience who is also able to work closely with Government. s9(2)(g)(i)

**Knowledgeable, relationship-based leadership is crucial to MOP's success.**

16. Prior to leading the MOP, Dr Turner spent 39 years in senior executive positions in the power industry, including 10 years as Chief Executive of Meridian Energy. He has also been a board member on a number of major boards across New Zealand and Australia.
17. Based on his professional track record and the significant relationships he has developed across Southland, particularly as Meridian's CE, Dr Turner was named Chair of the MOP Governance Group in 2017.
18. Dr Turner will not only provide consistency to MOP, as an institution, but also to Treaty partners and key stakeholders, whose support is crucial to achieving visionary change for Milford Sound Piopiotahi, Southland, and New Zealand as a whole. Dr Turner has built up strong, trusted relationships with Treaty partners, Ngāi Tahu, and key commercial and community stakeholders. Such relationships cannot be developed quickly and require time to mature to support strong cohesion in direction. Many of Dr Turner's key relationships were established in his pre-MOP career and have been strengthened over the last four years that he has led the MOP.

**The Cabinet Fees Framework does not account for the commercial and stakeholder complexity of MOP.**

19. DOC has determined the MOP to be a Group 4, Level 1 entity. In assessing these entities and the recommended fees for their members, the Framework focuses on four broad areas:
  - skills, knowledge, and experience required for members
  - function, level, and scope of authority
  - complexity of issues
  - public interest and profile.
20. Though the public interest and profiles of projects are considered, the Framework does not allow for any special consideration to be given to a project like the MOP with high levels of commercial complexity

s9(2)(a)

**Risks associated with seeking an exemption**

21. s9(2)(a), s9(2)(g)(i)
22. s9(2)(a), s9(2)(g)(i)
23. s9(2)(a), s9(2)(g)(i)

**Risks associated with not seeking an exemption**

24. s9(2)(g)(i)
25. s9(2)(g)(i)

[Redacted]

Lower rates of remuneration may be insufficient to retain Dr Turner as Chair.

26.

s9(2)(g)(i)

Next steps – Ngā tāwhaitanga

27.

s9(2)(g)(i)

Appendices

Appendix 1 – Letter to Hon Chris Hipkins, Minister for the Public Service, s9(2)(g)(i)

s9(2)(i)

Appendix 2 – 6 August 2021 – Letter Appointing Dr Turner as Chair of MOP Board

ENDS

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# Hon Kiritapu Allan

MP for East Coast  
Minister of Conservation  
Minister for Emergency Management  
Associate Minister for Arts, Culture and Heritage  
Associate Minister for the Environment



Hon Chris Hipkins  
Minister for the Public Service

Dear Chris

s9(2)(g)(i)

## Project Chair

As Chair of the Milford Opportunities Project (MOP) Ministerial Group, s9(2)(g)(i)

The MOP Board is a Group 4, Level 1 entity, with a Cabinet Fees Framework recommended range of \$540 to \$1,150 per day for a chairperson. s9(2)(a)

## Background

The Milford Opportunities Project aims to create a world-class visitor experience that benefits Milford Sound Piopiotahi and surrounding communities, protecting this pristine environment, and supporting conservation goals through regenerative tourism.

On 28 June 2021, Cabinet received the MOP Masterplan recommendations, the culmination of MOP's Stage Two work. Cabinet approved \$15 million for MOP's Stage Three work, which focuses on detailed planning and feasibility assessments of the Masterplan's recommendations and is due for completion in December 2023 [DEV-21-MIN-0067, CAB-21-MIN-0111]. The formation of a MOP unit and the MOP Board to oversee this work were also decided, and Cabinet appointed a Ministerial Group (Ministers of Conservation, Tourism and Transport) to appoint the MOP Board and to decide, following feasibility testing, which recommendations in the MOP Masterplan to implement [DEV-21-MIN-0135, CAB-21-MIN-0237]. At this same time, Cabinet also appointed Dr Keith Turner, as the Chair of the MOP Board [DEV-21-MIN-0135].

## The proposed exemption

Subsequent to Cabinet's decisions s9(2)(a)



In the previous two stages of MOP work, Dr Turner was paid by local Government, and

s9(2)(a)

s9(2)(a), s9(2)(g)(i)

**The MOP may change the way New Zealand manages sites of national significance.**

The MOP is landmark project that could alter the way New Zealand fundamentally approaches conservation and tourism management and planning. As a test case for how nationally significant sites can be managed collaboratively to produce better outcomes for conservation, visitors, local communities, and New Zealand as a whole, the MOP will play a large role in determining how New Zealand approaches conservation, regenerative tourism, and visitor management for years to come. If successful, the MOP may change the way significant sites are managed across New Zealand.

**The MOP is commercially complex.**

With its collaborative approach to long-term planning and management and the numerous interested parties involved, including multiple parties that hold rights and/or statutory responsibilities related to Milford Sound Piopiotahi, the MOP is a commercially complex project. It will require high levels of commercial experience and judgement to navigate the complexities of the existing commercial arrangements and to ensure that any new proposals are commercially viable. The MOP will be dealing with senior and experienced commercial operators and requires a chair with significant commercial experience who is also able to work closely with Government.

s9(2)(g)(i)

**Knowledgeable, relationship-based leadership is crucial to MOP's success.**

Prior to leading the MOP, Dr Turner spent 39 years in senior executive positions in the power industry, including 10 years as Chief Executive of Meridian Energy. He has also been a board member on a number of major boards across New Zealand and Australia.

Based on his professional track record and the significant relationships he has developed across Southland, particularly as Meridian's CE, Dr Turner was named Chair of the MOP Governance Group in 2017.

Dr Turner will not only provide consistency to MOP, as an institution, but also to Treaty partners and key stakeholders, whose support is crucial to achieving visionary change for Milford Sound Piopiotahi, Southland, and New Zealand as a whole. Dr Turner has built up strong, trusted relationships with Treaty partners, Ngāi Tahu, and key commercial and community stakeholders.

Such relationships cannot be developed rapidly and require time to mature to support strong cohesion in direction. Many of Dr Turner's key relationships were established in his pre-MOP career and have been strengthened over the last four years that he has led the MOP.



Given the national significance of MOP, its commercial and stakeholder complexity, as well as Dr Turner's significant commercial experience and the strong relationships he has forged with Treaty partners, Ngāi Tahu, and local stakeholders.

s9(2)(a)

s9(2)(g)(i)

In consultation with Public Service Commission staff, the Department of Conservation has determined the MOP to be a Group 4, Level 1 entity. In assessing these entities and the recommended fees for their members, the Fees Framework focuses on four broad areas:

- skills, knowledge, and experience required for members
- function, level, and scope of authority
- complexity of issues
- public interest and profile.

Though the public interest and profiles of projects are considered, the Cabinet Fees Framework does not allow for any special consideration to be given to a project like the MOP with high levels of commercial complexity and a likely hands-on role in working through the

s9(2)(g)(i)

**Risks related to not supporting an exemption**

s9(2)(g)(i)

**Risks associated with supporting an exemption**

s9(2)(g)(i)

The Public Service Commission has been consulted on this item.

Nāku noa, nā



Hon Kiri Allan  
**Minister of Conservation**  
**Chair of MOP Ministerial Group**

cc Hon Stuart Nash, Minister of Tourism  
Hon Michael Wood, Minister of Transport

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## Dr Keith Turner

### Power Industry Executive and Independent Director

Dr Turner possesses extensive experience in the New Zealand energy sector. He was the inaugural Chief Executive Officer of Meridian Energy Limited from 1999 to his retirement in 2008. Prior to that, he worked as a private energy expert advising large corporate clients and Government, following 15 years heading power planning and then operations of the whole of NZ's power system.

From 1985 to 1999 he led and served in a wide range of electricity industry reform functions that established the current NZ industry structure and electricity market.

Since 2008, Dr Turner has held a number of major company board roles. He was formally Deputy Chair of Auckland International Airport Ltd, a Director of Chorus, a director of Spark Infrastructure Ltd (ASX), Victoria Power Networks (VIC) and South Australia Power Networks (SA), Chair of Solar City Limited, Chair of Emirates Team NZ and Chair of Fisher & Paykel Appliances. He is currently Chair of DamWatch Holdings Ltd, Milford Opportunities Project, MfE ARC and is a director of TransGrid (NSW) and Trustpower.

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Minister for Economic and Regional Development  
Minister of Forestry  
Minister for Small Business  
Minister of Tourism

**06 AUG 2021**

Dr Keith Turner  
Chair of the Milford Opportunities Project Governance Group

**s9(2)(a)**

Dear Keith,

### **APPOINTMENT AS THE CHAIR OF THE MILFORD OPPORTUNITIES PROJECT ESTABLISHMENT BOARD**

It is my pleasure to formally advise that we have appointed you as the Chair of the Milford Opportunities Project Establishment Board, for a term commencing on 1 July 2021 and expiring on 30 June 2023.

Cabinet agreed to appoint you as the Chair and this letter confirms that appointment. We believe that you have the personal attributes, experience and leadership qualities which will enable you to make a valuable contribution to the Establishment Board.

The media announcement of your appointment will be made in conjunction with the Milford Opportunities Project Masterplan launch on 28 July considering the Cabinet decision.

This letter provides you with the terms and conditions of your appointment.

#### **Role and Purpose of the Milford Opportunities Establishment Board**

The role of the Establishment Board is to govern the Milford Opportunities Establishment Unit and ensure that the objectives of the Milford Opportunities Project are achieved. The unit will not be a legal entity and its board will not have statutory obligations. The objectives of the Establishment Board include:

- To progress the Masterplan recommendations to specific implementable projects
- To ensure that projects:
  - Reflect the purpose and vision of the Milford Opportunities Project
  - protect Milford Sound Piopiotahi now and into the future, recognising its World Heritage status
  - acknowledge the role of Ngai Tahu as mana whenua and Treaty Partner
  - enhance the visitor experience, recreation, conservation, and community
  - benefit the communities of Te Anau, Southland and Otago.

The Milford Opportunities Establishment Board is responsible to a Cabinet appointed Ministerial Group of the Ministers of Tourism, Conservation and Transport. The Milford Opportunities Establishment Board has delegated authority to govern and manage the Milford Opportunities Stage Three – Phase 1 including the Milford Opportunities Establishment Unit. Cabinet will be the decision maker for existing or new legislation changes relating to this project.

## **Role and responsibilities**

Consistent with the skills that you are bringing to the Milford Opportunities Project Establishment Board, we expect you to:

- Exercise strong leadership
- To act with honesty and integrity
- To act in good faith and not at the expense of the entity's interests
- To act with reasonable care, diligence and skill
- To not disclose, or make use of information, that would otherwise not be available to you.
- Ensure the Milford Opportunities Establishment Board and Unit is working effectively with Ministers and other key strategic partners
- Maintain systems for managing the Milford Opportunities Establishment Unit, particularly budget, accountability, and performance management systems.
- Report frequently to the Ministerial Group

I understand that you have confirmed that you have no conflicts in interest in relation to this appointment, and that when you have, you will follow the Board procedure. You will be informed about the Establishment Board's internal policies on managing conflicts of interest.

## **Term of office**

You continue as a member despite the expiry of your term until you are reappointed, your successor is appointed, or you are informed in writing that you are not to be reappointed.

You may resign by written notice to us, with a copy sent to the Board. Resignation would be effective on our receipt of your notice, or at a later time that you specify.

We may remove you from office at any time and for any reason that in our opinion justifies the removal. We would only do so by giving written notice to you and stating the reason for the removal.

## **Remuneration**

As the Chair of the Milford Opportunities Establishment Board remuneration payable is set in accordance with the Cabinet Fees Framework which applies to members of statutory and other bodies appointed by the Crown. You are also entitled to claim for actual and reasonable travelling and other expenses incurred in carrying out your duties as the Chair of the Milford Opportunities Establishment Board. We will advise you of the fee in due course.

**Acceptance of the Appointment**

I would be grateful if you could formally acknowledge your appointment by signing the attached letter and returning it to Abby Cheeseman at the Ministry of Business, Innovation and Employment (abby.cheeseman@mbie.govt.nz) who will record it on my behalf.

I congratulate you on your appointment and wish you well for your term as the Chair of the Milford Opportunities Establishment Board.

Yours sincerely,



**Hon Stuart Nash**  
**Minister of Tourism**



**Hon Kiritapu Allan**  
**Minister of Conservation**



**Hon Michael Wood**  
**Minister of Transport**

cc: Bruce Parkes, DOC

cc: Iain Cossar, MBIE

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Hon Stuart Nash  
Minister of Tourism  
Hon Kiritapu Allan  
Minister of Conservation  
Hon Michael Wood  
Minister of Transport  
Parliament Buildings  
Wellington

Dear Ministers

I acknowledge receipt of your letter appointing me as the Chair of the Milford Opportunities Establishment Board, for a term commencing on 1 July 2021 and expiring on 30 June 2023.

I accept that I will hold office at the discretion of the Ministers of Tourism, Conservation and Transport.

I will ensure that I keep myself fully familiar of the obligations and responsibilities of the position. I undertake to advise you, via the Ministry of Business, Innovation and Employment, of any change in my circumstances that may have an impact on my ability to serve on the Milford Opportunities Establishment Board.

Yours sincerely,

Dr Keith Turner

Date:

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