



COVERSHEET

Minister	Hon Michael Wood	Portfolio	Workplace Relations and Safety
Title of briefing	Report on Overseas Travel: Hon Michael Wood	Date to be published	15 September 2022

List of documents that have been proactively released		
Date	Title	Author
August 2022	Report on Overseas Travel: Hon Michael Wood	Office of the Minister for Workplace Relations and Safety
8 August 2022	Report on Overseas Travel: Hon Michael Wood CAB-22-MIN-0308 Minute	Cabinet Office

Information redacted

YES / NO [select one]

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Some information has been withheld for the reason that it would prejudice the International Relations of New Zealand.

In Confidence

Office of the Minister for Transport

Office of the Minister of Workplace Relations and Safety

Office of the Minister of Immigration

Chair, Cabinet

Report on overseas travel: Hon Michael Wood

I recommend that Cabinet note this report on my travel to Europe from 11 to 19 June 2022 to the International Electric Vehicle Symposium and Exhibition (EVS35) in Oslo, Norway, the International Labour Organization (ILO) in Geneva, Switzerland and bilateral meetings in London, UK.

Report

EVS35 conference and bilateral engagements, Oslo

- 1 I gave a keynote at the opening session of the conference, outlining New Zealand's decarbonisation goals, recent successes through the Clean Vehicle Programme and our interest in securing greater supply of zero emissions vehicle technologies.
- 2 Over the course of my time in Oslo, I was able to meet with a range of electric transport technology suppliers, including vehicle and charging system manufacturers. I also had the opportunity to see and discuss the advanced stage of transport system electrification and decarbonisation in Oslo itself – a city region of similar size to Auckland – where 94% of light vehicles registered in May 2022 were electric vehicles (EVs). Electric ferries and delivery vehicles are well established alongside a highly developed active and public transport system.
- 3 We had positive engagement with a range of EV providers who are enthusiastic about New Zealand's settings, but also noted New Zealand's position as a small, remote, right-hand drive market. We will need to continue to use all trade, diplomatic and regulatory levers to maximise EV supply and future market entrants. Manufacturers that are already present remain committed to our market and spoke frequently of our environmental and ethical credentials aligning with their values (e.g. Volvo and Scania).
- 4 There are encouraging signs that further manufacturers will seek to enter the domestic market and existing ones intend to commit further. Incentives are a requirement for success, but are not limited to financial subsidies. EVs already make sense in whole-of-life costs, but availability and costs of charging infrastructure and the stability of the regulatory environment are also important. The merit of the feebate model our Government has adopted to incentivise EV uptake was highlighted by the experience of the UK and Norway in recent months, with the UK grant-based scheme being scrapped due to budgetary

pressures and the Norwegian scheme coming under pressure for similar reasons.

5 Light and heavy vehicle manufacturers and infrastructure providers at EVS35 sought greater regulation of/for EVs, considering this would provide the foundation for the private sector to innovate and build off. There is an opportunity is for New Zealand to mirror or be fast followers of what other markets, e.g. the EU, are doing with regard to enhanced regulatory support.

6 Key takeaways from EVS35 meetings included:

- **The need for a greater pace of heavy vehicle electrification than previously anticipated** (at least according to Scania and Volvo). This is likely to demand significant charging infrastructure in the near future, and may challenge hydrogen's potential niche/impact as a road transport fuel decarbonisation lever.
- **The critical need to ensure charging infrastructure is not a constraint on transport electrification** was also a recurring theme, with government having important role clearing regulatory barriers and investing where a fully commercial market is not imminent (e.g. rural areas).

7 **Meeting with Espen Barth-Eide, Minister for Climate and Environment (Norway):** I spoke to Minister Barth-Eide about commonalities between Norway and New Zealand and the lessons we could learn Norway given its advanced position in developing sustainable transport systems. Minister Barth-Eide encouraged us to operate on the principle that walking and cycling is best, everything else needs to be electrified, to discourage car use and ownership in cities and make smart use of toll road and congestion charges. The Minister also highlighted the challenge of consulting on changes before demonstrating their value and advocated for demonstrating first, then seeking permission to retain instead (e.g. street space changes).

8 **Meeting with Jon-Ivar Nygard, Minister of Transport (Norway):** Minister Nygard and I discussed the importance of charging infrastructure to support EV uptake. Norway has developed a multi-agency strategy for charging infrastructure, an approach we are mirroring here. Key charging-related initiatives that Minister Nygard highlighted were:

- the approximately NZD\$16m financial support being allocated to support charging in rural areas;
- asking their equivalent of Waka Kotahi to find all opportunities to install charging infrastructure; and
- a mandate requiring any new parking areas and housing developments to have a minimum percentage of charging bays.

9 I also had the opportunity to have dinner with Baden Württemberg (German state) Minister of Transport Winfried Hermann and his visiting delegation after touring some of Oslo's transport system highlights. He is the longest

continuously serving Transport Minister across German state and federal government so has had the benefit of being able to steer through long-term investments and see them come to fruition. It was useful to hear his thinking on options to build long-term inter-regional rail patronage.

ILO and International Trade Union Congress, Geneva

- 10 **ILO – modern slavery and fair pay:** I met with a range of officials from the ILO, including Martha Newton, Deputy Director-General Policy; Greg Vines, Deputy Director-General Management and Reform; and Corrine Vargha, Director, ILO International Labour Standards Department. The ILO provides an important experts forum to engage with on New Zealand’s achievements and priorities in the workplace relations portfolio, particularly around collective bargaining and responding to the challenges of ensuring accessible labour rights to all in a rapidly changing world of work.
- 11 The discussions focused on work currently underway to develop modern slavery legislation, Fair Pay Agreements, work on independent contractors and the Business NZ complaint to the ILO about Fair Pay Agreements. The ILO has a current focus on supply chain transparency, which aligns with my work progressing modern slavery legislation. I was able to discuss New Zealand’s planned approach to addressing this matter.
- 12 Given our Manifesto commitment about the United Nations Convention on the Rights of the Child and the interface this has with the minimum age for employment, I discussed what support the ILO provides to member countries to help them ratify outstanding conventions. We also discussed recent thinking from the ILO’s Committee of Experts on the interpretation of the right to strike as part of Convention 87 – Freedom of Association and Protection of the Right to Organise
- 13 **International Trade Union Congress:** I met with Jeroen Beirnaert, Director of Human and Trade Union rights. We discussed the tripartite nature of the ILO and the contribution from the International Trade Union Congress to this work. The ILO is in a period of transition with a new Director-General having been appointed. Mr Beirnaert outlined his thoughts on what the new Director-General’s immediate focus would be and the challenges facing the ILO. We also discussed the importance of the ILO regional forums for discussing issues and progressing work on a regional basis. The importance of the upcoming Asia-Pacific regional conference was highlighted at this meeting and others.

Engagements in London

- 14 **Aviation and shipping:** I met with Under-Secretary of State for Transport, Minister Robert Courts. We discussed the aviation sector’s COVID-19 recovery challenges and our joint interests in aviation and shipping decarbonisation. Minister Courts noted the UK has been surprised by the speed of the aviation rebound and that the sector is struggling to recruit pilots and aviation/airport workers, with a significant proportion of the pilot workforce having elected to take early retirement, and airports/airlines struggling to recruit in a buoyant labour market.

- 15 Minister Courts expressed interest in working with New Zealand to prove the concept of green shipping lanes. We are currently exploring cooperation with Singapore and the United States in this area; partnering with destination port countries will be critical to the success of the green shipping lane concept.
- 16 We discussed the development of decarbonisation efforts in the aviation sector. The UK's 'Jet Zero' industry-government collaboration, is a potential model for the Sustainable Aviation Aotearoa initiative being worked on here. There are likely opportunities to develop some complementary focusses to those of the UK, e.g. domestic aviation. **International relations**
- 17 **Modern slavery:** I met with the Rt Hon Karen Bradley MP, Co-Chair of the All Party Parliamentary Group on Human Trafficking and Modern Slavery, and Robyn Phillips, Director of Operations at the Human Trafficking Foundation. We discussed the development and operation of the UK's human trafficking and modern slavery legislation and some of the challenges that have occurred – most significantly in ensuring that the law is well understood and utilised by law enforcement and prosecutors. The UK is currently reviewing its legislation in this area, and I discussed the work we were doing in New Zealand and the proposed due diligence elements that we have been consulting publicly on.
- 18 **Trade Union Congress:** Frances O'Grady, General Secretary, Trades Union Congress was very interested in the Fair Pay Agreements Bill (the Bill) and how we had developed and structured the legislation. The UK Trades Union Congress are working on a similar proposal for a sector-based bargaining system. We had a valuable discussion about these similarities, the ILO hearing on the Bill and the next steps for our legislation.
- 19 **Workplace regulation:** I met with Paul Scully, Parliamentary Under-Secretary of State for Small Business, Consumers and Labour Markets. We focused on areas of mutual interest, most specifically the impact of COVID-19 on work and the consequential changes that workplaces are seeing, such as the increase in flexible working and working from home. The Minister was interested in New Zealand's domestic violence leave regime. I also discussed our regulatory approach to flexible working requests.
- 20 **Low pay:** I met with Brian Sanderson, Chair, Low Pay Commission and Tim Butcher, Chief Economist and Deputy Secretary, Low Pay Commission. One of my focuses is ensuring the process for setting the minimum wage is sustainable and considering what role social partners could have in this process. I was therefore interested in understanding why the Low Pay Commission had been so successful in making unanimous recommendations to Government about minimum wage increases given the lack of success from similar organisations in other jurisdictions.
- 21 We discussed the structure of the Low Pay Commission, its enabling legislation, and the time commitment required of the commissioners. We also touched on

the Low Pay Commission's processes for engaging with workers and businesses across the UK and information gathering. This was a valuable conversation that will help inform future policy design in New Zealand.

- 22 **Mass rapid transit:** I spent time with Howard Smith, the Operations Director at Crossrail (now known as the Elizabeth Line) on the London Underground. While touring the newly built Elizabeth Line and stations, we discussed the UK's experience managing large-scale, multi-year urban public transport initiatives, with particular emphasis on rail networks for large cities.
- 23 Howard Smith noted that, while there is no perfect delivery model, they had allowed too much contracts disaggregation: the lead contractors for early construction work were not necessarily the right partners for completion of complex systems integration work at the project's end. They relied too much on the civil engineers, who did well at early tunnelling work, to complete the integration work. This apparently led to many of the delays. Another recommendation was to encourage the local transit authority's ownership of project completion at an early stage. In the case of Crossrail, the city contributed 70% of the project cost and the government 30% (the inverse is true for Auckland Light Rail), and has taken responsibility for completion in the final two years of works.
- 24 In addition to standard UK developer contributions, an additional levy has been imposed along the Elizabeth Line to capture value uplift. The line is expected to generate approximately NZD\$2 billion in revenue long-term versus NZD\$500 million in operating costs. While the project has been delayed and over budget, the project team noted the infrastructure had been built to a high standard and was expected to serve for multiple generations.
- 25 **Local government:** On my last afternoon in London, I met with the newly-elected Labour-led Westminster Council. We discussed their plans for providing transport and other services to a highly socio-economically stratified population and some of the electric vehicle charging initiatives they have underway. We also noted shared challenges in the transition to a low emissions economy and generating buy-in from residents for initiatives such as cycleways.

Proactive release

I propose to release this paper within the normal Cabinet-mandated timeframes.

Recommendation

I recommend that Cabinet note this report.

Authorised for lodgement

Hon Michael Wood

Minister of Transport

Minister of Workplace Relations and Safety