Office of the Associate Minister of Transport

Chair, Cabinet Business Commitee

New Zealand's financial security regime for offshore installations – Proposed amendments to Marine Protection Rules

Proposal

1. This paper reports back to Cabinet on public and targeted consultation on proposed amendments to the: *Marine Protection Rules Part 102: Certificates of Insurance* (Part 102); and *Marine Protection Rules Part 131: Offshore Installations – Oil Spill Contingency Plans and Oil Prevention Certification* (Part 131), made under the Maritime Transport Act 1994. A near-final version of the rules are attached.

2. The proposed amendments to the rules give effect to Cabinet decisions to clarify and strengthen requirements on owners of offshore installations to hold financial security proportionate to the risk posed by their operations [CAB-19-MIN-0240 refers]. I intend to make the rules following Cabinet consideration.

Executive summary

3. In May 2019, Cabinet agreed to a suite of proposals to strengthen the financial security regime for offshore installations, including a Maritime Transport (Offshore Installations) Amendment Bill 2019 (the Bill) and amendments to Part 102 and Part 131 [CAB-19-MIN-0240 refers].

4. The Bill came into force on 1 January 2020. The Bill clarified the extent of the liabilities of insurers (or, in the case of financial security, the persons providing the financial security) to the Crown and to other third parties entitled to claim compensation from an owner as a result of an oil spill.

5. Cabinet also agreed, following consultation on proposed amendments to Part 102 and Part 131, that I would report back to Cabinet before making the rules. A near-final version of the rules are attached to this paper.

6. Proposed amendments to Part 102 and Part 131 have been consulted on, and six submissions were received. All six submitters supported strengthening the regime and requiring increased levels of financial security. I have also undertaken targeted consultation on proposed changes to the transitional provisions outlined in this paper.

7. The rules are the final legislative step required to give effect to Cabinet's decisions [CAB-19-MIN-0240 refers] to:

    - implement a scaled framework, to a maximum limit of $1.2 billion, to ensure owners of offshore installations have financial security commensurate to the risks posed by their operations;
    - enable the Director of Maritime New Zealand (MNZ) to accept insurance policies that cover key risks associated with offshore installations. These types of policies are consistent with internationally available best practice policy wording to meet assurance obligations;
    - ensure owners of offshore installations have financial assurance for well-control measures; and
    - ensure insurance policies and other financial security provided for offshore oil and gas installations are subject to New Zealand law and the jurisdiction of New Zealand courts.

8. I seek agreement to update the transitional provisions to reflect that the in-force date of the rules has changed. I propose that the any new drilling carried out after 31 July 2020 (i.e. before the 2020-21 summer) should operate under certificates of insurance issued under the new rules, while existing operations (which are lower risk) should have up to one year from commencement to transition to the new rules.

9. The paper notes my intention to sign and bring the rules into force by notification in the *New Zealand Gazette*, with commencement 28 days after notification.

Background

10. There has never been a significant oil spill from an offshore installation in New Zealand waters. Although the likelihood of a major marine oil spill is very low, the environmental, financial and cultural impacts of such an incident are likely to be significant.

11. New Zealand uses a prevention-control-response-recovery framework to regulate offshore oil and gas exploration and production. This includes ensuring owners of regulated offshore oil and gas installations (owners) have plans, resources, and capabilities in place to minimise hazards and the likelihood of a spill, and reduce the impacts if an adverse event does occur.

12. The regime includes the Maritime Transport Act 1994 (the Act), and Part 102 and Part 131 which are made by the Minister of Transport under the Act (delegated to me as Associate Minister of Transport).

The Act has been amended to strengthen the financial security regime

13. The Act implements a polluter-pays regime, under which owners have unlimited liability for the cost of pollution damage from an oil spill from their facilities in New Zealand waters. This means that the Crown and any other person affected by pollution damage from an offshore installation is entitled to make a claim against the owner. This unlimited liability includes:

    - the cost of measures to prevent or reduce pollution damage;
    - the cost of reasonable measures to reinstate the environment; and
    - the loss of profit from impairment of the environment (these are covered in sections 385B and 385C of the Act, which set out an owner's liabilities in more detail).

14. As well as the polluter-pays regime, the Act provides additional protection by requiring owners to demonstrate to MNZ that they hold insurance or other financial security from a third party for pollution risks from the installation.

15. This third party financial security regime has two purposes:

    - the fact that a parent company or the international insurance market is prepared to stand behind the owner gives the Crown and the public a level of confidence in the operation; and
    - if there were a significant oil spill, the availability of the third party assurance reduces the financial risk to the Crown and others. It does this by creating a direct right of action against the third party assurance provider if the owner is unable to meet its obligations (if, for example, the owner was insolvent).

16. The Bill and the rules focus on the third party financial security regime. No changes have been made to the owner's unlimited liability.

Current Marine Protection Rules Part 102

17. The current Part 102 requires owners to demonstrate they have third party financial security to cover their liabilities under the Act (including but not limited to liabilities from an oil spill), for a sum not less than 14 million International Monetary Fund Units of Account (approximately NZ$27.7 million). If they can demonstrate this and the other requirements under Part 102 are met, the Director of MNZ issues them with certificate of insurance for the shorter of, one year or the period of duration of the insurance.

18. These protections are intended to reduce the risk that pollution damage costs will fall on the Crown and other affected parties, particularly as the immediate response to an oil or gas spill will likely be coordinated by government agencies, such as MNZ.

19. Modelling undertaken in 2015 for the Crown by Navigatus Consulting Limited (an expert ocean risk modelling consultancy), estimated that the median clean-up costs from a credible worst-case spill scenario at an offshore installation in New Zealand could cost around $800 million. The uppermost estimate in the modelling was $1.2 billion.

20. This modelling demonstrates that the current requirement for approximately $27.7 million of financial assurance would be totally inadequate compared to the potential costs of a significant oil spill, and that the level of financial assurance needs to be much higher to be proportionate to the risk posed by the installation.

Current Marine Protection Rules Part 131 (Part 131)

21. Part 131 prevents owners of offshore oil and gas installations from operating unless they have an oil spill contingency plan (the Plan) approved by MNZ.

22. The Plan must identify and assess risks, and ensure that appropriate prevention measures are in place. Where relevant to the nature of the operation, the Plan will cover the owner's arrangements for well capping and/or well containment.

23. The key issue is that owners will often rely on insurance or other financial security to ensure they are able to achieve the requirements of the Plan, and that drawing on this cover could "eat into" the amount left available for the Part 102 clean-up and compensation.

To address these issues Cabinet agreed to a suite of amendments to the regime

Cabinet agreed to amend the regime via a Bill, rules and guidance

24. Changes to the principal Act were made via the Maritime Transport (Offshore Installations) Amendment Bill (the Bill) to clarify and strengthen the requirements on owners to hold insurance or other financial security in relation to the clean-up and compensation aspects of their liabilities towards property damage resulting from an oil spill.

25. In particular, the Bill addressed insurability issues identified in the regime [CAB-19-MIN-0240 refers]. A key objective of the Bill was to clarify extent of the liabilities of insurers (or, in the case of financial security, the persons providing the financial security) to the Crown and to other third parties entitled to claim compensation from an operator as a result of an oil spill.

26. To enable more detailed clarifications to the regime, the Cabinet also agreed that the Bill allows rules to provide for more specific requirements for insurance and other financial security.

Amendments to Part 102 and part 131 were developed to support amendments to the Act and to strengthen the regime

27. In May 2019 [CAB-19-MIN-0240 refers], Cabinet agreed to a number of recommendations, relating to Part 102 and Part 131, including:

    - the introduction of a scaled framework, relating to the estimated cost of a credible worst-case spill for an installation, reflecting factors influencing the pollution damage resulting from an oil or gas spill, including: geology; depth of water; and type of hydrocarbon be introduced;
    - that the upper limit of the scaled framework be $1.2 billion, reflecting the highest modelled cost of a spill;
    - that owners of offshore oil and gas installations are able to meet assurance obligations using insurance policies that cover the key risks associated with their operations and are consistent with internationally available best practice policy wording;
    - that owners must also hold financial assurance for the cost of well-control measures, with the level of assurance required based on an assessment of the cost of implementing their oil spill contingency plan for that installation.

28. Cabinet also agreed that I would undertake consultation on the proposed amendments to Part 102 and Part 131.

Outcomes of consultation

29. I undertook public consultation on the proposed amendments to Part 102 and Part 131 in September and October 2019. Consultation ran in parallel to the passage of the Bill through the House.

30. Six submissions were received, all of which supported strengthening the financial security regime.

31. The key themes in submissions relating to the content of the rules were:

    - whether or not financial security should cover all of an owner's liabilities under the Act;
    - ensuring that internationally available best practice insurance policies can be used;
    - whether the upper limit of $1.2 billion for the scaled framework is high enough; and
    - the scope of the financial assurance for decommissioning and abandonment of installations.

32. There were also submissions on more minor or technical issues, such as:

    - whether insurance requirements should be specified in US currency (in keeping with the typical currency policies of this nature use); and
    - clarifying wording to ensure that joint venture arrangements can be undertaken by joint owners of installations.

Scope of liabilities that financial assurance will be required to cover

33. Greenpeace submitted that Part 102 should require financial assurance for all of an owner's liabilities under the Act. This, in its view, addresses the risk of the owner going insolvent in the event of a major spill and leaving the financial security as the only means of recompense for the Crown and impacted third parties.

34. To get cover to the levels required by the scaled framework, most owners will need to go to the international insurance market, where there are relatively standard insurance policies available. Most owners already have this type of cover for their own commercial purposes. While parent company guarantees could also be an option in some cases, a guarantee is only as good as the financial strength of the person giving it, and the ability to recover from that person.

35. The key challenge is that, while these internationally available insurance policies are likely to be available at the levels required, these policies will not cover all potential pollution liabilities associated with an offshore installation. The key policy trade-off is between:

- the current regime, which requires third party assurance for all pollution risks but subject to a totally inadequate cap; or
- the new regime agreed by Cabinet, which will require third party assurance for the key risks and costs at a level that can be expected to cover those risks and costs.

36. Under the rules, the key risks and costs covered by insurance or other financial security will include costs arising from pollution damage, costs of clean-up, and costs of reinstatement arising from an out of control well or pipeline spill. They will not, however, cover pure economic loss, such as the impact on the tourist industry or flow-on effects to the economy generally.

37. Officials have not been able to identify a credible method of including pure economic loss claims in the assurance requirements of the proposed regime. In keeping with advice from the insurance sector, to deliver an insurable financial assurance regime, at the significantly higher limits recommended, pure economic loss claims have been excluded.

38. Operators are still liable under the law for all costs related to a spill, for example, claims from fisheries or tourism operators who are affected indirectly and lose income for a period during the clean-up. But that provides little comfort if the operator is insolvent or (where there is one) its parent company decides not to stand behind its New Zealand subsidiary.

39. The financial capability of the operator and its parent to meet its obligations should, in my view, primarily be a matter for the Crown Minerals regime. We should not be allowing operators to exploit minerals permits if they do not have the financial capability to meet their obligations under the law, including the direct and indirect effects of their operations.

40. The Minister of Energy and Resources is currently consulting on a proposal to establish an explicit legislative power to periodically assess financial capability within the Crown Minerals Act, as well as the power to make regulations setting out the requirements for those reviews.[1] [redacted] I will also commission Ministry of Transport officials to investigate making future amendments to Maritime Protection Rules to provide additional assurance in relation to pure economic loss claims.

Information withheld under section 9(2)(f)(iv) of the OIA

Industry sought further amendments to Part 102 to ensure internationally available insurance policies will be accepted

41. Some industry submitters would like Part 102 to be clear that if market standard insurance is used (like EED8/86), the Director of MNZ (the Director) *must* accept it. This would have

[1] The submission close date 27 January 2020

implications on the Director's ability to apply discretion when assessing financial security, i.e. during the application process for an owner to obtain a certificate of insurance.

42. While EED 8/86 (and equivalents) provide standard form wording that is incorporated into insurance policies, each insurance contract is made and negotiated according to its own terms. There is always a risk that clauses may be included in the policy that affect the scope of the insurance, even when standard policy wording is used. Further, industry standard terms move over time with the market.

43. I have not significantly changed the draft rules in light of these comments. It is important that the Director is able to assess policies on a case by case basis to ensure they provide appropriate levels of cover within the parameters set by the rules. It will also ensure that any changes to industry practice do not automatically change the scope of the coverage that is approved.

Upper $1.2 billion limit of scaled framework

44. Greenpeace suggested that the proposed $1.2 billion upper limit of the scaled framework is significantly lower than it should be. Greenpeace referenced the Deepwater Horizon oil spill and the associated quantum of clean up and compensation costs being between US$20 billion and US$60 billion (depending on whether environmental impacts are being accounted for). Greenpeace also expressed concern with the modelling undertaken to develop the scaled framework, questioning its robustness and the assumptions it was based upon.

45. The proposed $1.2 billion upper limit of the scaled framework reflects the modelled uppermost estimate for clean-up costs from an oil spill in New Zealand waters. For existing installations, and planned exploration activities, the amount of assurance that will be required under the scaled framework is likely to be significantly lower than this proposed limit. The proposed upper limit will however, future-proof the scaled framework in the event that a new installation proceeds in a high-risk, deep water location.

46. Officials are confident that the modelling undertaken by Navigatus Consulting Ltd in 2015 gives the best current knowledge of the credible worst case spill scenario. This modelling looked at the deep-water Taranaki Basin, the Canterbury Basin and the Pegasus Basin. The modelling included 200 modelled spills for each basin and was based on the effects of pollution damage from a 120 day period of spilling[2].

47. I consider that the $1.2 billion maximum of the scaled framework future-proofs the regime and provides the appropriate limitation of cover for the New Zealand context.

Decommissioning and abandonment

48. Ngā Ruahine Trust and PEPANZ queried whether financial assurance requirements under Part 102 cover decommissioning or abandonment of an installation. Ngā Ruahine Trust's concerns were around the whole of life costs of an installation and ownership of abandoned structures, and specifically whether insurance requirements will remain in place during any decommissioning process.

[2] This modelling does not include some of the broader and more indirect losses associated with an oil spill which some of the submitters raised.

49. PEPANZ wanted to ensure that assurance requirements would not capture potential decommissioning and abandonment liabilities, as these activities are managed by the Environmental Protection Authority (the EPA).

50. The Act defines a regulated offshore installation as any artificial structure (including a floating structure other than a ship) used for oil and gas exploitation or exploration that is anchored or attached to, the seabed.

51. Under section 385H of the Act, regulated offshore installations require a certificate of insurance. If an abandoned installation is still attached to the seabed it requires a certificate of insurance and the appropriate means of financial security under Part 102. If an abandoned structure is not attached to the seabed, it does not meet the definition of an offshore installation and Part 102 does not apply to it.

52. But this is not the full picture. The Environmental Protection Authority currently approves decommissioning plans under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (the EEZ Act). Cabinet gave approval for the Minister for the Environment to develop regulations relating to decommissioning plans for offshore installations under the EEZ Act [DEV-19-MIN-0192 refers]. I understand that public consultation on draft regulations is expected to occur in early 2020.

53. Also relevant is the review of the Crown Minerals Act 1991 (CMA) being undertaken by the Minister of Energy and Resources. As part of that review, the Minister is consulting on financial assurance and obligations in respect to decommissioning.

54. Due to financial assurance obligations being consultation as part of the review of the CMA, and the Ministry for the Environment's work on regulations around decommissioning plans, I do not propose to add specific provisions relating to decommissioning requirements to Part 102.

Minor and technical adjustments

55. I have made some minor or technical amendments to the draft rules as a result of submissions, including:

- amending Part 102 to allow for financial security to be provided in currencies other than New Zealand Dollars (NZD) to align with consistencies in the market. This amendment will allow financial security to be provided in United States Dollars (USD) which is the common currency used for insurance products in this market. The quantum of the financial security will need to be at least the equivalent of what would be required in NZD under the scaled framework;

- amending the wording in Part 131 so it clearly sets out that owners are required to have the ability, including financial resources, to implement their Plan. This amendment addresses some comments that the version of Part 131 consulted on did not clearly achieve the intent of ensuring an owner has and will have the financial capability as well to implement their Plan. Owners will often rely on insurance or other financial security to ensure they are able to achieve the requirements of the Plan, and drawing on this cover could "eat into" the amount left available for clean-up and compensation. This clarification is important because it ring-fences financial security held under Part 102 and preserves it for clean-up and compensation.

- ensuring the provisions in Part 102 fit well together, including in relation to applying the scaled framework. These amendments are focused on ensuring consistency throughout Part 102 and in the Appendices; and

- ensuring the provisions cater for joint ventures appropriately. This amendment changes the references from an 'owner' to 'owners' to reflect how joint ventures work in practice.

56. I recommend Cabinet agree to the minor and technical changes outlined above in paragraph 52.

Transitional provisions are required

57. The industry has consistently submitted that the rules must allow sufficient time to transition to the new regime. In managing their commercial risks, owners generally have insurance or parent company guarantees similar to what will be required under the new regime. The Director of MNZ has not reviewed these policies however, nor applied the scaled framework to the owner's particular operations to determine how much assurance will be needed under the new regime. That will take time – probably some months in each case - to work through.

58. Cabinet agreed in May 2019 that "new offshore installations will have up to three months to comply with the new regime, and existing installations have up to 31 July 2020 to transition to the new regime".

59. When Cabinet made this decision, the amended Part 102 was expected to come into force in November 2019, dependant on the progress of the Bill. Because of the complex nature of some of the issues needing to be addressed in the drafting of the Bill, and the timing of its introduction, the original timeframe has not been met.

60. MNZ generally issues certificates of insurance annually. At the time new rules come into force (likely to be March 2020), most existing operations will have existing certificates of insurance that extend significantly beyond 31 July 2020, and MNZ will have applications in process that have been received prior to the commencement.

61. If a hard deadline of 31 July 2020 were imposed, these existing certificates of insurance would need to be terminated early by operation of law, and owners and MNZ would have only three months to get new insurance in place and approved to stay fully compliant under rules that are new to everyone.

62. In my view, given the timing, this approach would not be practical or desirable for longstanding existing producing installations like those at the Maui or Pohokura oil and gas fields. It would also be likely to result in significant opposition from these owners and impose significant administrative costs on MNZ, if it had to gear up to process all the applications at once. These producing installations do not present the same risk profile as drilling, and therefore are less urgent to be complaint with the new regime.

63. I am, however, determined that drilling activities (which are the riskiest activities) be compliant with the new regime from 31 July 2020. [redacted]

Information withheld under section 9(2)(b)(ii) of the OIA

64. As a consequence, the transitional provisions in the rules ensure that any new drilling carried out after 31 July 2020 should operate under certificates of insurance issued under the new rules. Existing operations (which are lower risk) should have up to one year from commencement to transition to the new rules. This compares to the original proposals where there would be a three-month period for new installations to transition to the new regime, as agreed by Cabinet in May 2019.

65. I have undertaken targeted consultation with industry and received advice from officials on this proposal, and I am satisfied that this approach to transition is workable and appropriate.

Consultation

66. The Ministry of Transport consulted the following agencies on this Cabinet paper; the Ministry of Business, Innovation and Employment, MNZ, the Ministry for the Environment, Te Puni Kokiri, and the Treasury. The Department of the Prime Minister and Cabinet was informed.

Financial implications

67. There are no direct costs to the Crown associated with the proposals in this paper. The proposals in this paper are not expected to increase the costs to MNZ, associated with managing the offshore financial assurance regime as all activities are cost recovered provided the transition is managed as proposed above. MNZ charges a fee for the time taken to process an application, and the Maritime Levies Regulations 2019 enable MNZ to recover the external specialists' costs (assess the proposals made under the rule requirements) from the applicant.

68. Under the proposals in this paper, owners will be required to hold higher levels of assurance (vis-à-vis an increase to insurance premiums for example) which is likely to be an additional operating cost. Increased assurance requirements for owners enable the Crown, marine agencies and other third parties to recover the costs and loss associated with pollution damage from an oil and gas spill.

69. Owners are most likely to meet the increased assurance requirements through insurance. The exact additional costs (to insurance premiums for example) will depend on owners' existing insurance arrangements and the nature of their operations. The key proposals have been publicly consulted on, with the potential increase in costs signalled with owners for some time.

70. The proposed amendments will bring New Zealand in line with equivalent regimes in other jurisdictions. While the exact costs to business are unknown, stakeholders have not suggested that the proposed changed to the offshore financial assurance regime will deter investment in New Zealand.

Legislative implications

71. This paper proposes amendments to Part 102 and Part 131. It does not propose any changes to the Act, as amendments are within the scope of the Act, following the enactment of the Bill.

Impact analysis

72. A Regulatory Impact Assessment (RIA) was originally prepared for the public consultation undertaken in 2017. The Transport Sector Regulatory Impact Assessment Quality Assurance Panel (the Panel) reviewed the original RIA and considered that the information and analysis summarised in the RIA partially meet the quality assurance criteria.

73. The nature of the problem was comprehensively described. However, the issues are complex and intertwined. Information is lacking on the actual extent and magnitude of gaps in financial assurance. The likely extra costs to industry are therefore not set out. As noted in the financial implications section, implementation costs for owners are not fully known and will depend on the nature of an owner's operation and existing insurance arrangements.

74. The RIA was updated and presented to Cabinet in May 2019. Given the policy proposals have not significantly changed, the Treasury advised that the RIA did not need to updated again.

75. The Panel reviewed the updated RIA and considered that the information and analysis summarised partially meets the quality assurance criteria. The nature of the problem is comprehensively described. The analysis builds on the regulatory impact statement completed in 2017. The likely extra costs to industry associated with the proposals are not known. Implementation costs are still not fully known.

Human rights

76. The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Gender implications

77. There are no gender implications, or considerations for people with disabilities, associated with the proposals in this paper.

Publicity

78. These changes to Part 102 and Part 131 will be notified through a *Gazette* notice. Subject to Cabinet's approval, this Cabinet paper will be released on the Ministry of Transport's website, subject to any appropriate redactions.

79. There could be heightened public and media interest in the potential impacts and costs of an oil spill as a result of the proposed rule changes. To address these comments, I will reiterate that New Zealand's regulatory framework for offshore exploration and production is robust, and focuses on preventing spills by ensuring permit holders have plans and resources in place to minimise the likelihood, and reduce the effect, of any adverse event.

80. Stakeholders may also perceive amendments to address the use of conventional insurance policies as an attempt to loosen regulation. I plan to highlight that:

- higher financial assurance is not currently possible without narrowing its scope and that permit holders are still liable for all costs and damages;
- the required level of assurance has been greatly increased; and
- the unlimited liability on owners of offshore installations under the Act remains.

Proactive release

81. Consistent with the Government's proactive release policy I intend to release this paper within 30 business days from the date that Cabinet considers this paper, with appropriate redactions of commercially sensitive and any legally privileged information.

82. The amended Part 102 and Part 131 will be published in the *New Zealand Gazette*.

Recommendations

The Associate Minister of Transport recommends that the Committee:

1. **note** that public consultation has been undertaken on proposed amendments to:
   1.1. Marine Protection Rules Part 102: Certificates of Insurance (Part 102); and
   1.2. Marine Protection Rules Part 131: Offshore Installations – Oil Spill Contingency Plans and Oil Prevention Certification (Part 131)
2. **note** that the amendments to Part 102 and Part 131 reflect Cabinet's previous decisions relating to insurance requirements for offshore installations [DEV-19-MIN-0116 refers]:
   2.1. Part 102 does not require financial security for all of an owner's liabilities under the Maritime Transport Act (the Act);
   2.2. the upper limit of the scaled framework is $1.2 billion;
   2.3. that owners of offshore oil and gas installations will be able to meet assurance obligations using insurance policies that cover the key risks associated with their operations and are consistent with internationally available best practice policy wording;
   2.4. that owners of offshore oil and gas installations must hold financial assurance for the cost of well-control measures, with the level of assurance required based on an assessment of the cost associated with implementing their oil spill contingency plans
3. **note** I have asked officials from the Ministry of Transport to investigate making future amendments to marine protection rules with the objective to provide additional assurance in relation to pure economic loss claims;
4. **note** that Cabinet previously agreed that new installations will have up to three months to comply with the new regime, and that existing installations have up to 31 July 2020 to transition to the new regime [DEV-19-MIN-0116, para 10 refers]:
5. **note** that due to the complex nature of some of the issues needing to be addressed in the drafting of the Maritime Transport (Offshore Installations) Amendment Bill 2019, and the timing of its introduction, the original timeframe has not been met;
6. **rescind** the decision referred to in recommendation 3 above;
7. **agree** that offshore installations carrying out drilling activities after 31 July 2020 must operate under certificates of insurance issued under the new rules, while any other installation should have up to one year from commencement to transition to the new rules.
8. **note** that, following Cabinet consideration, the Associate Minister of Transport intends to sign the Rules and notify these in the New Zealand Gazette.
9. **note** that this Cabinet paper will be published on the Ministry of Transport's website subject to any appropriate redactions.

Authorised for lodgement
Hon Julie Anne Genter
Associate Minister of Transport