



25 June 2021

Ministerial and Secretariat Services

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Lional Jones

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Dear Lional Jones

Official Information Act request 2021 0672

I refer to your Official Information Act (OIA) request of 30 May 2021 to the Department of Internal Affairs (the Department), requesting the following information:

1: Can you confirm if Judith Collins was charged \$171 per hour for the dollar figure quoted in the NZ Herald 24 May 2021, and the PM was only charged \$68 per hour.

In your 2020 Annual Report you note the VIP transport service bring in revenue of \$8.77m against a forecast of \$9.0m.

2: Does the revenue collected from Judith Collins in question 1 contribute to the \$8.77m revenue figure and if so, what was the proportion Judith Collins contributed to the figure against the PM's contribution?

3: What was the total annual operating budget for VIP transport in the year for 2020?

4: The OIA response mentioned above says there is a "separate annual available fee, calculated proportionally against all jobs calculated". Can you please explain what that actually means?

The 2020 Annual Report notes revenue of \$8.77m. I assume the \$68 and \$171 per hour make up that plus the "separate annual available fee".

5: For the year 2020 (and I assume these are all financial years quoted) can you advise what was the split of the hourly fee and the annual available fee towards the \$8.77m figure and if there was any additional fees or revenue that went into it.

I searched limo rates in Wellington and the Limo Club pricing for their fleet show similar cars with an hourly rate of minimum of \$295 per hour. I spoke to their operator and we discussed how you could operate at \$68 per hour if you had to cover costs. He said it was impossible. Even taking into account their profit margin (which I would assume you don't have to worry about) there seems a massive difference in hourly rates. We'd like to know the following:

6: How many hours did you charge in the 2020 year?

7: How many hours were the Crown limos in use but not charging the hourly rate in the 2020 year? In other words, how many hours were they sitting ready to go but not earning?

8: If you got rid of all the Crown limos or vans or other cars you use (and all the associated costs) and just used limo or taxi services, based on the answer in question 6 would the taxpayer have spent less or more on getting your customers around, and by how much? I guess you can assume \$295 per hour for limos and \$75 per hour for taxis. Use your 2020 split between Crown cars and taxis/other services to work that out.

9: Has there ever been work done to consider whether it would actually be cheaper or more efficient to get rid of the Crown cars and just use hired limos and taxis? If so, can I please see the report?

10: What do drivers get paid hourly?

11: What are the top 4 things VIP transport pay for annually and how much in 2020?

Full disclosure: I'm working with the TPU on this OIA.

Crown fleet service

The Department of Internal Affairs (the Department) provides a safe, secure and confidential fleet management and transport service around New Zealand for Ministers, senior members of the judiciary and other entitled users. VIP Transport provides 24 hours a day, 7 days a week (24/7) operational capability across New Zealand.

The Crown fleet is comprised of chauffeur-driven vehicles, as well as self-drive cars for Ministers and former Prime Ministers as per entitlements under the Travel Services within New Zealand Determination 2020 and Members of Parliament (Former Prime Ministers' Travel Services) Determination 2017. The service also organises taxis or other private providers, where Crown fleet vehicles are either not available or practical. The Department sources Crown fleet vehicles through MBIE's All of Government motor vehicle purchasing arrangements.

In addition to Ministers of the Crown, those entitled to use chauffeur-driven vehicles include visiting dignitaries, Heads of State and Heads of Government; Governors-General, former Governors-General and former Prime Ministers; the Leader of the Opposition, the Speaker and Deputy Speaker of the House.

Entitled users are listed in the Speaker's Directions 2020 and the Ministers' Travel Services within New Zealand Determination 2017; the Members of Parliament (Former Prime Ministers' Travel Services) Determination 2017; and, the Members of Parliament Accommodation Services for Members and Travel Services for Family Members Determination 2020.

Ministers are the largest group of entitled users. Clause 2.1 of the Ministers' Travel Services within New Zealand Determination 2017 provides that '*A Minister may use a chauffeur-driven car arranged by VIP Transport at any time for any purpose, at the Minister's*

discretion'. Ministers need to travel regularly to fulfil their obligations, and the confidential, chauffeur-driven service allows Ministers to use this time efficiently.

These determinations are publicly available and can be found on the New Zealand Parliament's website at <https://www.parliament.nz/en/pb/parliamentary-rules/directions-determinations/>.

Crown fleet charging information

Until July 2019, there were two charging regimes agreed with the entitled user's responsible agency, for example the Ministry of Justice for the judiciary and the Parliamentary Service for the Speaker of the House and the Leader of the Opposition. These rates were \$68 per hour, which also incurred a separate annual availability fee charged to the user's responsible agency; and \$171 per hour which did not incur the annual availability fee.

Since 1 July 2019, all users of VIP Transport have been charged the flat rate of \$68 per hour. The hourly rate charged by the Department covers fuel, mileage and staffing costs specific to that job. All other costs of providing and maintaining the Crown fleet are covered by the annual availability fee, this includes personnel, depreciation, and capital costs.

Response to your request

1. *Can you confirm if Judith Collins was charged \$171 per hour for the dollar figure quoted in the NZ Herald 24 May 2021, and the PM was only charged \$68 per hour.*

Please note that Hon Judith Collins was not the Leader of the Opposition and therefore not an entitled user of VIP Transport in the time period (2019/2020 financial year) for which you have requested information. Hon Judith Collins became the Leader of the Opposition on 14 July 2020 and the entitled user charge has been \$68 per hour for her tenure in this role.

The two hourly rate charges to which you refer are no longer used. The charging regime was updated on 1 July 2019 and all entitled users of VIP Transport are now charged \$68 per hour. Therefore, no, the amount you refer to was not the amount charged to Hon Judith Collins. The Parliamentary Service does not currently pay the annual availability fee.

In your 2020 Annual Report you note the VIP transport service bring in revenue of \$8.77m against a forecast of \$9.0m.

2. *Does the revenue collected from Judith Collins in question 1 contribute to the \$8.77m revenue figure and if so, what was the proportion Judith Collins contributed to the figure against the PM's contribution?*

All revenue collected by VIP Transport from the users of the service, including the Leader of the Opposition, contributes to the total VIP Transport revenue figure.

Please note as outlined above, that Hon Judith Collins was not an entitled user of VIP Transport in the time period for which you have requested information. Hon Judith Collins became the Leader of the Opposition on 14 July 2020.

3. *What was the total annual operating budget for VIP transport in the year for 2020?*

The total operating budget for VIP Transport in the financial year 1 July 2019 to 30 June 2020 was \$9,000,000.

This information can be found on page 81 of the Department's 2020 Annual Report.

4. *The OIA response mentioned above says there is a "separate annual available fee, calculated proportionally against all jobs calculated". Can you please explain what that actually means?*

VIP Transport is fully funded by cost recovery from users of the service, through hourly rate charges for direct use of the service, and an annual fee that ensures 24/7 availability of the service. This allows the Department to balance:

- providing users with a standard and consistent per-hour charge for each job, that reflects the fuel, mileage and staffing costs of each individual trip
- coverage for non-passenger services e.g. secure deliveries, relocation of vehicles, and overhead costs such as personnel, training and security, vehicle fleet maintenance and depreciation, the booking operating system and fleet depots
- ensuring the fleet has the operational capability to meet obligations for transporting entitled users.

The amount of the availability fee each year reflects the balance of costs for operating the service remaining once revenue from hourly rate charges has been deducted.

5. *The 2020 Annual Report notes revenue of \$8.77m. I assume the \$68 and \$171 per hour make up that plus the "separate annual available fee".*

For the year 2020 (and I assume these are all financial years quoted) can you advise what was the split of the hourly fee and the annual available fee towards the \$8.77m figure and if there was any additional fees or revenue that went into it.

<i>2020 VIP Transport total hourly fee amount charged</i>	<i>2020 VIP Transport total annual availability fee charged</i>
\$763,000	\$7,732,000

As noted above in my response to question four, VIP Transport is fully funded by cost recovery from users of the service, through both the hourly rate charge and the annual availability fee.

I searched limo rates in Wellington and the Limo Club pricing for their fleet show similar cars with an hourly rate of minimum of \$295 per hour. I spoke to their operator and we discussed how you could operate at \$68 per hour if you had to cover costs. He said it was impossible. Even taking into account their profit margin (which I would assume you don't have to worry about) there seems a massive difference in hourly rates. We'd like to know the following:

6. *How many hours did you charge in the 2020 year?*

The number of hours charged to entitled users of VIP Transport in the 2019/2020 financial year was 12,368. This compares with the total number of jobs completed in 2019/20 by VIP Transport which was 14,578. In most recent years prior to 2020, the number of hours charged per year has been between 16,000 and 23,000.

Please note that the VIP Transport chauffeur-driven service was not operating during New Zealand's nationwide Level 4 lockdown March - May 2020, nor during any subsequent regional Alert Level 3 period.

7. *How many hours were the Crown limos in use but not charging the hourly rate in the 2020 year? In other words, how many hours were they sitting ready to go but not earning?*

The Department ensures that the Crown fleet has operational capability 24/7, so it can provide the service specified in the Ministers' Travel Services within New Zealand Determination 2017, i.e. that 'A Minister may use a chauffeur-driven car arranged by VIP Transport at any time for any purpose, at the Minister's discretion'.

The whole time a Crown vehicle is engaged on a booked job, including any relocation cost of the vehicle, is covered by either time charged directly to the entitled user, or by the annual availability fee charged to the user's responsible agency.

8. *If you got rid of all the Crown limos or vans or other cars you use (and all the associated costs) and just used limo or taxi services, based on the answer in question 6 would the taxpayer have spent less or more on getting your customers around, and by how much? I guess you can assume \$295 per hour for limos and \$75 per hour for taxis. Use your 2020 split between Crown cars and taxis/other services to work that out.*

This is not information held by the Department. I am therefore declining this part of your request under section 18(e) of the Act, as the information is not held.

9. *Has there ever been work done to consider whether it would actually be cheaper or more efficient to get rid of the Crown cars and just use hired limos and taxis? If so, can I please see the report?*

There has not been a specific report written on this matter. There are other important considerations besides cost for entitled users of the service, such as 24/7 New Zealand-wide operational capability and the security and efficiency of specially-trained chauffeurs.

10. *What do drivers get paid hourly?*

In general, the full-time VIP Transport chauffeur salary range is \$48,000 - \$66,000 per annum. Please note that this does not include any additional costs such as employer superannuation contributions, allowances, overtime or other costs such as ACC levies.

11. *What are the top 4 things VIP transport pay for annually and how much in 2020?*

The top four operating expenses incurred by VIP Transport in the 19/20 financial year are provided in the following table:

Item	Note	Expenditure 19/20
Salaries	Includes the annual salaries of chauffeurs as well as operations and management staff. Does not include any additional costs such as employer superannuation contributions, allowances, overtime or other costs such as ACC levies.	\$3.86m
Motor Vehicle Costs	Includes all on road costs such as fuel/charging costs, registration and warrants of fitness, as well as maintenance and repair costs for the Crown Fleet	\$867,000
Depreciation	Includes vehicle and depot depreciation	\$678,000
Overtime	Includes overtime payments to VIP Transport staff	\$295,000

Note: This excludes capital costs and departmental operating overheads.

If you have any concerns with the decision referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 28(3) of the Act.

Yours sincerely



Morag Ingram
General Manager
Ministerial and Secretariat Services