

HON JUDITH COLLINS, MINISTER OF DEFENCE

Maritime Security: All of Government Maritime Data Fusion System

November 2024

This publication provides details on Cabinet's June 2024 authorisation for the Chief of Defence Force to sign the negotiated contract with Starboard for a subscription to the Maritime Data Fusion System.

Paragraph 30 of this paper addresses recovery of the costs of the service. Contract negotiations with the vendor have occurred since the Cabinet paper was released. At present, the New Zealand Defence Force (NZDF) fund this contract with some support from Customs New Zealand but a baseline transfer is planned to simplify this process to ensure that NZDF has sole budget responsibility for the contract.

The pack comprises the Cabinet paper and associated minute of decision *Maritime Security: All of Government Maritime Data Fusion System* [EXP-24-SUB-0028, and EXP-24-MIN-0028].

This pack has been released on the Ministry of Defence website, available at: www.defence.govt.nz/publications.

It has been necessary to withhold certain information in accordance with the following provisions of the Official Information Act 1982. Where information is withheld, the relevant sections of the Act are indicated in the body of the document. Where information has been withheld in accordance with section 9(2) of the Act, no public interest has been identified that would outweigh the reasons for withholding it.

The business case for this project is withheld in full in accordance with the below provisions of the Act. Recognising the public interest in information on the investment decision, the Cabinet paper provides a summary of the key information that formed the basis of Cabinet's decision to invest.

Information is withheld where making it available would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand [section 6(a)].

Information is also withheld in order to:

- protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied the information [section 9(2)(b)(ii)]
- maintain the constitutional conventions for the timing being which protect the confidentiality of advice tendered by Ministers of the Crown and officials [section 9(2)(f)(iv)]
- maintain legal professional privilege [section 9(2)(h)]
- enable a Minister of the Crown or any department or organisation holding the information to carry out, without prejudice or disadvantage, negotiations [section 9(2)(j)].



Cabinet Expenditure and Regulatory Review Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Maritime Security: All of Government Maritime Data Fusion System

Portfolio Defence

On 18 June 2024, the Cabinet Expenditure and Regulatory Review Committee:

- 1 **noted** that in July 2023, Cabinet approved the Single Stage Business Case for the Maritime Data Fusion System (DFS) and authorised the Secretary of Defence to undertake a competitive tender for a Maritime DFS [GOV-23-MIN-0030];
- 2 **noted** that the Secretary of Defence has undertaken a competitive tender process and Cabinet agreement to approve the DFS Project Implementation Business Case and commit funds is now sought – subject to approval of the implementation business case;
- 3 **noted** that as a result of this tender process, Starboard has been identified as the preferred supplier for provision of a DFS, and Kordia as the supplier for Automated Identification System (AIS) data, as set out in the attached Project Implementation Business Case;
- 4 **authorised** the Chief of Defence Force to sign the negotiated contract with Starboard for a subscription to a DFS;
- 5 **approved** the DFS Project Implementation Business Case attached to the paper under EXP-24-SUB-0028;
- 6 **agreed** to an update of the existing contract with Kordia for provision of terrestrial AIS data;
- 7 **noted** that on 29 April 2024 Cabinet:
 - 7.1 agreed to establish a tagged operating contingency for: Improving Protection Against Maritime Threats as part of the Vote Defence Force Budget 2024 package;

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Improving Protection Against Maritime Threats – Tagged Operating Contingency	s9(2)(b)(ii)			

- 7.2 authorised the Minister of Finance and Minister of Defence jointly to draw down the tagged operating contingency in paragraph 7.1 above (establishing any new appropriations as necessary) subject to Cabinet approval of an Implementation Business Case;
- 7.3 agreed that the expiry date for the above tagged operating contingency be 30 June 2026;

[CAB-24-MIN-0148]

- 8 **agreed** that, as the further work described in paragraph 7.2 above has been satisfactorily completed, Improving Protection Against Maritime Threats can now proceed;
- 9 **noted** the following changes to the expenditure phasing:

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Improving Protection Against Maritime Threats – Tagged Operating Contingency	s9(2)(b)(ii)			
Data Fusion System – Project Implementation Business Case				
Difference				

- 10 **noted** that responsibility for the provision of AIS data will transfer from the New Zealand Customs Service (Customs) to the New Zealand Defence Force (NZDF);
- 11 **agreed** to increase spending to provide for costs associated with the policy decision in paragraph 8 above with the following impacts on the operating balance and net core Crown debt:

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance and Net Core Crown Debt Impact	s9(2)(b)(ii)			
Operating Balance Impact Only				
Net Core Crown Debt Impact Only				
No Impact				
Total				

Released under the Official Information Act 1982

- 12 **approved** the following changes to appropriations to provide for the decision in paragraph 8 above:

13	Vote Defence Force Minister of Defence	NZ \$ M - increase/(decrease)				2024/25
		2024/25	2025/26	2026/27	2027/28 & Outyears	
	Multi-Category Expenses and Capital Expenditure: Protection of New Zealand and New Zealanders Departmental Output Expense: Resource and Border Protection Operations (funded by Revenue Crown) Resource and Border Protection Operations (funded by Revenue Department)	s9(2)(b)(ii)				
	Total Operating					

Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

- 14 **agreed** that the operating balance and net core Crown debt impact in paragraph 11 above of expenses incurred under paragraph 12 above be charged against the Improving Protection Against Maritime Threats – Tagged Operating Contingency described in paragraph 7 above;
- 15 **noted** that, following the adjustments detailed in paragraph 12 above, the tagged operating contingency described in paragraph 7 above is now exhausted and therefore closed;
- 16 **noted** that the transfer of the current charging arrangement from Customs to NZDF will take place following further consultation between Customs and NZDF;
- 17 **noted** that, if further changes to appropriations are required they will be agreed at a future Baseline Update, but that no new funding will be required.

Sam Moffett
Committee Secretary

Present:

Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis
Hon Simeon Brown
Hon Louise Upston
Hon Judith Collins
Hon Simon Watts
Hon Brooke van Velden
Hon Shane Jones
Hon Chris Penk
Hon Melissa Lee
Hon Andrew Bayly
Hon Mark Patterson

Officials present from:

Officials Committee for EXP
Ministry of Defence
New Zealand Defence Force

Office of the Minister of Defence

Chair, Cabinet Expenditure and Regulatory Review Committee

MARITIME SECURITY: ALL OF GOVERNMENT MARITIME DATA FUSION SYSTEM

Proposal

- 1 This paper, and the attached Project Implementation Business Case, seeks Cabinet approval to commit funds to enter into commercial contracts for the provision of a Maritime Data Fusion System that will improve domain awareness for the maritime security sector.

Relation to government priorities

- 2 The Speech from the Throne¹ recognised that to achieve our shared ambitions, the Coalition Government should not focus its efforts only within New Zealand's borders. In order for New Zealand to seize opportunities, to make more of its potential, and to manage the risks in an increasingly complex and contested world, we require an active foreign, defence and trade policy agenda.
- 3 A modern Maritime Data Fusion System will enable New Zealand's maritime security sector to actively and independently manage maritime threats.

Executive summary

- 4 I recommend Cabinet approve, in accordance with Budget 2024, the implementation business case, and the commitment of funds for provision of a Maritime Data Fusion System.
- 5 Maritime security is key to New Zealand's national and economic security s6(a)
[Redacted]
[Redacted]
[Redacted]
- 6 To address this, the Maritime Data Fusion System project provides s6(a)
[Redacted] to the maritime security sector.
- 7 Defence has undertaken a competitive tender process for the Maritime Data Fusion System, which resulted in the identification of a New Zealand company, Starboard, as the preferred supplier. An existing contract with Kordia for the provision of terrestrial Automated Identification System (AIS) data will also be updated, and transferred from the New Zealand Customs Service (Customs) to the New Zealand Defence Force (NZDF).

¹ 6 December 2023.

- 8 There is no capital expenditure associated with this project. The total unescalated whole of life cost of [REDACTED] s9(2)(b)(ii) will provide a Maritime Data Fusion System, and access to terrestrial AIS data, for 25 years.
- 9 The Maritime Data Fusion System will be available to the maritime security sector within one day of contract signature.

Background

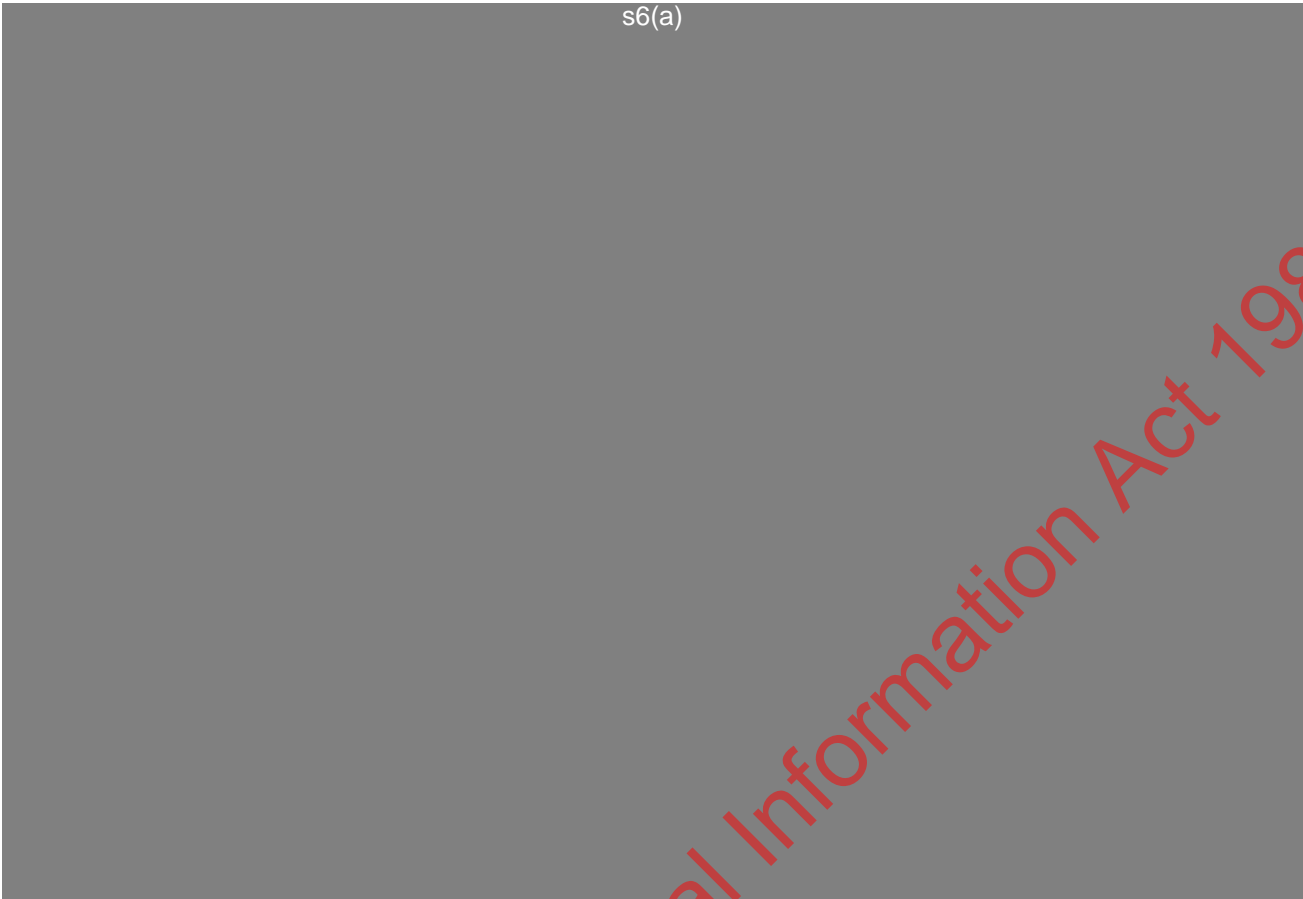
Maritime security is key to New Zealand's national and economic security

- 10 New Zealand's vast maritime domain is the fourth largest in the world, and connects us to the rest of the world through trade, travel, and vital undersea communication links. Our Exclusive Economic Zone (EEZ) covers 4.4 million square kilometres. In addition, New Zealand has responsibilities for the defence and security of Tokelau, the Cook Islands, and Niue, as well as search and rescue coordination and strategic interests that stretch from the Ross Dependency to near the Equator – around forty million square kilometres.
- 11 Maritime Security is one of the 12 core national security issues identified in the 2023 National Security Strategy, *Secure Together Tō Tātou Korowai Manaaki*, [CAB-23-MIN-0343 refers]. The maritime environment provides New Zealand with significant environmental, economic, and cultural capital.
- 12 New Zealand's *Maritime Security Strategy* [CAB-19-MIN-055.01 refers], released in December 2020, sets out New Zealand's strategy for maritime security issues. New Zealand takes a multi-agency approach to maritime security; no one agency owns maritime security or can manage their specific maritime threats alone.
- 13 The operational aspects of the maritime security system are coordinated by the National Maritime Coordination Centre (NMCC), a multi-agency unit housed at New Zealand Defence Force (NZDF) Joint Forces New Zealand Headquarters. The NMCC has two primary functions: to provide a maritime common operating picture and coordinate tasking of available maritime patrol assets.
- 14 The maritime security sector is responsible for mitigating a wide range of maritime threats, including: prohibited exports and imports²; illegal exploitation of natural resources³; people smuggling; maritime pollution; piracy, robbery, or violence at sea; compromises of biosecurity; security threats to ports and shipping; and technologically enabled threats to maritime infrastructure such as cybercrime.

- 15 [REDACTED] s6(a)
[REDACTED] In order to combat maritime security threats,
[REDACTED] s6(a)
[REDACTED] New Zealand will continue to engage with
and support other areas of the Pacific [REDACTED] s6(a)
[REDACTED]
[REDACTED] s6(a)

² Such as illicit drugs, weapons, or protected species.

³ Including fisheries, minerals, oil / gas.



Procuring a Maritime Data Fusion System

19 On 31 July 2023, Cabinet approved the Single Stage Business Case for the Maritime Data Fusion System project, including the preferred option and procurement approach, and invited the Minister of Defence to report back with an Implementation Business Case [GOV-23-MIN-0030 refers]. This authorised officials to undertake a competitive tender to provide detailed information and costing for delivery of a Maritime Data Fusion System.

20 A Data Fusion System is the product of networking a system of computer hardware and software to automatically conduct analysis of multiple sets of data collected, created, and processed within the system. s6(a)



21 A Request for Proposals was released for 8 weeks, from 15 August to 9 October 2023, and received 15 responses. Four suppliers⁴ were shortlisted for technical, commercial, and price evaluation.

22 Following supplier evaluation, Starboard was identified as the preferred supplier, s9(2)(b)(ii)

⁴ Starboard Maritime Intelligence Ltd; s9(2)(b)(ii)

s9(2)(b)(ii)

s6(a), s9(2)(b)(ii)

- 23 Following Cabinet approval of the attached Project Implementation Business Case, a Master Services Agreement will be entered into with Starboard to make their system available for agencies with Maritime Security responsibility and/or agencies endorsed by MSOC (or their representatives). This is an as-a-service offering on the basis of an annual subscription, which ensures the platform will be continuously updated and maintained.
- 24 In addition to the Starboard platform, Kordia will be contracted to provide a single data stream comprising all Automated Identification System (AIS) messages received by their land based infrastructure⁶. Single source procurement for the terrestrial AIS data was undertaken, as only Kordia are able to provide this service within New Zealand's EEZ due to their significant existing communications infrastructure. This will be an update to an existing contract with Kordia, currently held by Customs.
- 25 NZDF will hold both the Starboard and Kordia contracts. Memoranda of Understanding will be signed between NZDF and other agencies, to ensure that all users are subject to the same terms and conditions of access.

s6(a)

Implementation

- 28 The subscription style contract means that the system can be available for use within a day of contract signature. Governance milestones are outlined in the following table.

s9(2)(b)(ii)

⁶ AIS is an automated tracking system that uses transceivers on ships to visualise maritime traffic.

Table 1: Project Milestones

Milestone	Indicative Date
Gain approval to commit	Q3 2024
Agree Preferred Suppliers (Contract executed)	Q3 2024
Verify the deliverables	s9(2)(j)
Acceptance of Operational Release	

Financial Implications

29 There is no capital cost associated with this project. Operating expenditure and the funding arrangements are summarised in the tables below.

30 This project will take on responsibility for the provision of terrestrial AIS data which has historically been provided by Customs. Customs has been charging other agencies, including NZDF, through a mix of fees and annual subscription funding for their access to the terrestrial AIS data service. Upon transfer of the terrestrial AIS data responsibility, New Zealand Defence Force will set up a similar charging arrangement.

Table 2: Unescalated Costs

Total Cost	NZ \$ M			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Integration	s9(2)(b)(ii)			
Subscription	s9(2)(b)(ii)			
Feature Enhancements ⁷	s9(2)(b)(ii)			
Total Operating cost	s9(2)(b)(ii)			

7

s6(a)

Table 3: Funding Arrangements

	NZ \$ M - increase/(decrease)					
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 – 2048/49
Cost of Data Fusion System	s9(2)(b)(ii)					
Cost Recovery from other agencies						
Current NZDF contribution within Vote Defence Force						
Total Operating Uplift						

31 In Budget 2024, Cabinet agreed to establish a tagged operating contingency for: *Improving Protection Against Maritime Threats* and set aside NZ \$14.658 million in operating funding over four financial years from 2024 to 2028 as per the table below.

Table 4: Budget 24 Tagged Operating Contingency

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
<i>Improving Protection Against Maritime Threats – tagged operating contingency</i>	s9(2)(b)(ii)			
Total Operating tagged contingency				

32 [REDACTED] s6(a) [REDACTED] This paper requests approval to drawdown the full tagged operating contingency subject to the approval of the implementation business case.

33 Phasing changes are summarised in the table below.

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Table 5: Expenditure Phasing Change

	NZ \$ M - increase/(decrease)				Total
	2024/25	2025/26	2026/27	2027/28 & Outyears	
Improving Protection Against Maritime Threats – Tagged Operating Contingency	s9(2)(b)(ii)				14.658
Improving Protection Against Maritime Threats – Project Implementation Business Case					14.658
Difference					-

Other Implications

34 The DFS platform is capable of ingesting a wide range of data collected from international, commercial suppliers who operate in disparate legal jurisdictions.

s9(2)(h)

s9(2)(f)(iv)

35 There are no population, human rights, or cost of living implications in this paper.

Use of External Resources

36 No external resources were engaged in the development of the policy advice in this Cabinet Paper.

Consultation

37 This paper has been prepared by the Ministry of Defence and NZDF. It has been consulted with The Treasury, Ministry of Transport, Department of Internal Affairs, Department of Prime Minister and Cabinet, Police, Ministry of Primary Industries, Customs, Ministry of Foreign Affairs and Trade, Ministry of Business Innovation and Employment, Maritime New Zealand, and Department of Conservation.

Communications

38 Publicity for this decision will be coordinated by the Office of the Minister of Defence.

Proactive Release

39 I intend to proactively release this paper, with appropriate redactions in line with the Official Information Act 1982.

Recommendations

I recommend that the Committee:

- 1 **note** that in July 2023, Cabinet approved the Single Stage Business Case for the Maritime Data Fusion System and authorised the Secretary of Defence to undertake a competitive tender for a Maritime Data Fusion System [GOV-23-MIN-0030];
- 2 **note** that the Secretary of Defence has undertaken a competitive tender process and Cabinet agreement to approve the Data Fusion System Project Implementation Business Case and commit funds is now sought – subject to approval of the implementation business case
- 3 **note** that as a result of this tender process, Starboard has been identified as the preferred supplier for provision of a Data Fusion System, and Kordia as the supplier for AIS data, as set out in the attached Project Implementation Business Case;
- 4 **authorise** the Chief of Defence Force to sign the negotiated contract with Starboard for a subscription to a Data Fusion System;
- 5 **approve** the Data Fusion System Project Implementation Business Case;
- 6 **agree** to an update of the existing contract with Kordia for provision of terrestrial Automated Identification System (AIS) data;
- 7 **note** that on 29 April 2024 Cabinet [CAB-24-MIN-0148]:
 - 7.1. **agreed** to establish a tagged operating contingency for: *Improving Protection Against Maritime Threats* as part of the Vote Defence Force Budget 2024 package;

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Improving Protection Against Maritime Threats – Tagged Operating Contingency	s9(2)(b)(ii)			

- 7.2. **authorised** the Minister of Finance and Minister of Defence jointly to draw down the tagged operating contingency in recommendation 7.1 (establishing any new appropriations as necessary) subject to Cabinet approval of an Implementation Business Case;
- 7.3. **agreed** that the expiry date for the above tagged operating contingency be 30 June 2026;
- 8 **agree** that, as the further work described in recommendation 7.2 above has been satisfactorily completed, *Improving Protection Against Maritime Threats* can now proceed;

9 **note** the following changes to the expenditure phasing:

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Improving Protection Against Maritime Threats – Tagged Operating Contingency	s9(2)(b)(ii)			
Data Fusion System – Project Implementation Business Case				
Difference				

10 **note** responsibility for the provision of AIS data will transfer from New Zealand Customs Service to the New Zealand Defence Force;

11 **agree** to increase spending to provide for costs associated with the policy decision in recommendation 8 above with the following impacts on the operating balance and net core Crown debt:

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance and Net Core Crown Debt Impact	s9(2)(b)(ii)			
Operating Balance Impact Only				
Net Core Crown Debt Impact Only				
No Impact				
Total				

12 **approve** the following changes to appropriations to provide for the decision in recommendation 8 above:

	NZ \$ M - increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Defence Force				
Minister of Defence				
Multi-Category Expenses and Capital Expenditure:	s9(2)(b)(ii)			
Protection of New Zealand and New Zealanders				
Departmental Output Expense:				
Resource and Border Protection Operations (funded by Revenue Crown)				
Resource and Border Protection Operations (funded by Revenue Department)				
Total Operating				

- 13 **agree** that the proposed changes to appropriation for 2024/25 above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 14 **agree** that the operating balance and net core Crown debt impact in recommendation 11 above of expenses incurred under recommendation 12 above be charged against the *Improving Protection Against Maritime Threats* – Tagged Operating Contingency described in recommendation 7 above; and
- 15 **note** that, following the adjustments detailed in recommendation 12 above, the tagged operating contingency described in recommendation 7 above is now exhausted and therefore closed;
- 16 **note** that the transfer of the current charging arrangement from New Zealand Customs Service to NZDF will take place following further consultation between New Zealand Customs Service and NZDF; and
- 17 **note** that if, following this, further changes to appropriations are required they will be agreed at a future Baseline Update but that no new funding will be required.

Authorised for lodgement

Hon Judith Collins KC MP
MINISTER OF DEFENCE

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List of Appendices

A	Maritime Data Fusion System Project Implementation Business Case
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