WAKA KOTAHI
NZ TRANSPORT AGENCY

Waka Kotahi NZ Transport Agency Climate Emergency Response Fund (CERF) implementation programme – Monthly Report for April 2023

Issued on 28 April 2023

CERF Programme	Comment
Overall Programme Summary	Overall, the programme is on track against key milestones. • **Vehicle Kilometres Travelled (VKT) reduction planning:** We are continuing to refine the national VKT reduction plan, including addressing your feedback. We are assessing expressions of interest (EOIs) for funding for the urban programmes, which were submitted by Tier 1 councils at the end of March 2023. • **Transport Choices:** We are waiting for the updated briefing (BRI-2727) to be approved by you and the Minister of Finance before we confirm the list of projects. We are continuing to refine planning and delivery with councils. Funding Agreements have been signed with all councils. Construction has begun in Hendry Avenue (Auckland). • **Public transport:** Community Connect is well positioned to roll-out on 1 July 2023 across all of New Zealand. Most regions have increased bus driver wage rates towards the targets you announced in November 2022, with most bus drivers now paid at least $28 per hour. International recruitment of bus drivers can resume following confirmation of the transport sector agreement that includes a lower wage rate requirement. We remain on track to release invitations for the first contestable funding round to support bus decarbonisation on 28 April 2023, however, the funding agreement with Te Manatū Waka remains outstanding. • **Vehicle Transition:** We are continuing to close out the schemes, which includes sharing learnings with key stakeholders, compiling programme documents, and responding to official information requests. We are on track to close out the programme by the end of May 2023.
Key programme updates	• **Funding Agreements:** There are two Funding Agreements outstanding and subject of discussion between Te Manatū Waka and Waka Kotahi: VKT Reduction and Bus Decarbonisation. In both cases the issue is the month drawdown method (forecast or arrears) and they are being actively progressed. Back-to-back Funding Agreements between Waka Kotahi and Authorised Organisations (AOs) across VKT, Public Transport and Transport Choices are in final stages. • **Spend across the programme:** Our forecast for the 2023 financial year (as at 26 April 2023) is $29 million. Our year to date (as at 31 March 2023) is $5.044 million. We may not achieve the $29 million forecast due to flow-on effects from delays to Transport Choices Funding Agreements with councils e.g., we have not received any claims from councils to date. s 9(2)(f)(iv)

Delivery Programme	Status	Comment
Delivery Programme 1: **[Light] Vehicle Kilometres Travelled reduction planning**	**Current status** AMBER **Last month status** AMBER	The national VKT reduction plan and engagement on the urban programmes are progressing well. Work continues to refine the draft of the national plan, including addressing your feedback on the draft (BRI-2732). The plan is currently being reviewed by other central agencies and the external challenge team. As agreed with you, we will share a draft of the plan with an advisory group of officials from Tier 1 councils in May 2023 (slightly delayed from April 2023). You will receive an updated draft on 17 May 2023 for your review prior to finalisation. We are working closely with Tier 1 councils to allocate the funding to support the development of urban programmes through an EOI process. Applications were received at the end of March 2023, and we are currently working with councils to ensure the proposals are fit for purpose and the programmes are well set up to succeed. Funding is expected to be approved in May 2023. **Key risks and mitigations**: • Our recent briefing (BRI-2732) highlighted several risks to delivering the plan and programmes, and for implementation. These risks remain the same. In addition, the limited time for engagement on the national plan could impact buy-in from key stakeholders. Seeking feedback from an advisory group of Tier 1 officials will help to mitigate this risk.
Delivery Programme 2: **Transport Choices**	**Current status** AMBER **Last month status**	Transport Choices is progressing well, and we are further refining delivery with councils to ensure a successful pipeline of project delivery. We are waiting for the briefing (BRI-2727) to be approved by you and the Minister of Finance before we confirm the list of projects, including publishing it on our website. We are also waiting to confirm with your Office when a Media stand-up will take place in the coming weeks. Works have begun on: • Hendry Avenue project in Auckland • Southbrooke Schools traffic calming & pedestrian facilities (Waimakariri) • Wellington transitional bike programme in Ngaio and Te Aro (Wellington).

Proactively Released

Delivery Programme	Status	Comment

	AMBER	**Key risks and mitigations are**:
		• **Timeframes:** Councils are working diligently, with support from Waka Kotahi as part of the Council Support Package, to deliver plans (including Project, Communications and Engagement, Design, Monitoring and Evaluation plans). However, several of these plans are delayed or need refining to clarify project timeframes. We are working with councils to ensure they have clear timeframes and are set up to deliver ahead of moving projects to implementation.
		• **Constraints on councils' ability to deliver before June 2024:** There is ongoing risk to the delivery of the programme. Capacity and capability remain an issue with a number of councils losing key resources and/or being reprioritised. The programme is providing support where applicable.
		
		Council Support Package spending update:
		• Transport Choices have spent $1.66 million of the $9.95 million on programme support.
		• The benefit of providing this support has delivered:
		  ○ Establishment of programme management processes and activities including governance, project planning, and reporting, as well as engagement with councils ($397k)
		  ○ Specialist support to councils/approved organisations (AOs) to include (but not limited to) procurement, design, capability development, data, engagement and comms reviews, monitoring and evaluation framework and reviews ($837k)
		  ○ Centralised support setup with councils/AOs to build delivery momentum and awareness, facilitation and support of projects ($425k).
		Note that we have made some changes to how we allocate and report on spending of the Council Support Package, which means these figures may differ from previous months. This does not change the total allocation ($9.95 million) but allocates spending more in line with the support requested by councils. This reporting approach will be used consistently going forward.

Delivery Programme 3: **Public Transport** **(Sustainable bus driver terms and conditions, Community Connect and Bus Decarbonisation initiatives)**	**Current status** AMBER **Last month status** AMBER	**Sustainable bus driver terms and conditions:** We are working to release Tranche 1 funding to Public Transport Authorities (PTAs) in line with your letter to councils dated 12 November 2022. Most regions have increased bus driver wage rates towards the targets you announced in November 2022, with most bus drivers now paid at least $28 per hour. As of the week ending 31 March 2023, All Party Agreements have been signed in Otago and Canterbury to move driver wages to $30 per hour. All Party agreements with Auckland Transport are complete with all but one operator. Since December 2022, the national driver shortfall has reduced from about 860 to about 606. International recruitment of bus drivers can resume following confirmation of the transport sector agreement that includes a lower wage rate requirement. **Key risks and mitigations are:** • **PTA agreements with operators/unions:** Some PTAs may be unable to reach an agreement with operators and unions to implement the improved terms and conditions – consequently, they may be unable to access CERF funding. This is being managed through engagement with PTAs, including your letter to councils and establishment of national funding arrangements. • **PTA funding prioritisation:** Some PTAs may be unable to prioritise funding to further increase driver wages. We will work with PTAs to encourage investment in the next financial year. **Community Connect:** Community Connect is well positioned to roll-out on 1 July 2023. An Establishment Letter has been signed by Te Manatū Waka and Waka Kotahi to release funding to PTAs who have incurred implementation costs, with funding now available to PTAs since 28 March 2023. Each PTA, working with the Ministry of Social Development and their ticketing provider, is developing their operating model to deliver the scheme. We are now working with Te Manatū Waka on an agreed approach for PTAs to claim for future ongoing administration costs following roll-out on 1 July 2023. **Bus decarbonisation:** We have concluded the development of the contestable fund design and supporting collateral and remain on track to invite applications for the first funding round on 28 April 2023, although the funding agreement with Te Manatū Waka remains outstanding. Waka Kotahi is preparing a media statement to be issued on 28 April, following release of the Invitation documents to the PTAs. Three of the four initial technical studies that will be used to support investment decisions are in progress, with RFP responses for the fourth of the studies currently being evaluated. **Key risks and mitigations are:** • **Managing PTA expectations:** Managing applicants' expectations about funding decisions in relation to asset ownership while still governed by current Public Transport Operating Model (PTOM) legislation. We are communicating clearly about the types of investment that will be funded. The parallel Sustainable Public Transport Framework workstream is helping to provide clarity on asset ownership matters. • **Co-funding by PTAs:** Some PTAs have indicated difficulty in contributing local share to initiatives that are not already considered under the NLTF. Waka Kotahi has indicated that consideration will still be given to applications with local share contributions less than FAR where there are benefits from doing so, however applications that contribute higher levels of local share funding will be favoured under the fund's investment criteria.

Proactively Released

Delivery Programme	Comment
Delivery Programme 4: **Vehicle Transition**	The Vehicle Transition Programme team continues its work to close out both the Social Leasing and Clean Car Upgrade schemes. **Key activities for April 2023 have been:** • Documenting all stages of the project including what work was completed, what was incomplete at close out and what remains should the programmes be revisited. • Met with Ngati Toa and Manukau Urban Māori Authority to share our key learning on the Social Leasing scheme and discuss opportunities we see for their community should they wish to progress the scheme without Government support. • A lessons learnt workshop has been held to identify what worked well and what could be improved for future programmes. Additional interviews are taking place with stakeholders to ensure a balanced view. This will be completed early May 2023. • The team has received and responded to a large number of Official Information Act requests, Parliamentary Questions, and media and public queries. It is expected that this will continue over the next month or two. • Good progress is being made on finding new roles for impacted people, either within Waka Kotahi or outside the agency. **Planned activities for May 2023:** • Finalise all project documentation for both schemes. • Share lessons learned with other CERF programmes and wider Waka Kotahi. • A close out meeting with Ngāti Hine is scheduled at the end of May to share learnings and thoughts on potential opportunities for Ngāti Hine to progress a social leasing scheme or variant of a scheme with their community. The team is on track to close out both programmes by the end of May 2023.

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