

MINISTERIAL BRIEFING NOTE

Subject	Update on the Waka Kotahi Climate Emergency Response Fund (CERF) 22 - Funded Work Programme
Date	28 July 2022
Briefing number	BRI-2528

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 st contact
Richard May	Chief of Staff	section 9(2)(a)	section 9(2)(a)	✓

Action taken by Office of the Minister

- ☐ Noted
- ☐ Seen by Minister
- ☐ Agreed
- ☐ Feedback provided
- ☐ Forwarded to
- ☐ Needs change [please specify]
- ☐ Withdrawn
- ☐ Overtaken by events

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28 July 2022

Hon Michael Wood – Minister of Transport

UPDATE ON THE WAKA KOTAHI CLIMATE EMERGENCY RESPONSE FUND 22-FUNDED PROGRAMME

Purpose

1. On 16 May 2022, you wrote to the Chair of the Waka Kotahi NZ Transport Agency Board to outline funding to Vote Transport through the inaugural Climate Emergency Response Fund (CERF), and to set out your expectations of the Waka Kotahi role in delivering on these initiatives. The Chair recently responded to this letter, noting our intention to brief you with further detail on our progress in the delivery of CERF-funded initiatives.
2. This briefing provides you with an update on the establishment and next steps for initiatives that we are leading, in line with your direction.
3. We are working with Te Manatū Waka Ministry of Transport to establish a joined-up approach for monitoring and reporting on the delivery of CERF-funded activities. We will provide you with updates on each of the initiatives that we are leading, as required, with a particular focus on risks and issues.

Background and context

4. The CERF provides funding for initiatives that will support progress towards the targets and actions in *Te hau mārohi ki anamata hui*, the Government's Emissions Reduction Plan (ERP), which was released on 16 May 2022.

Our CERF implementation programme

5. We are setting up a work programme to deliver on the CERF-funded initiatives under four workstreams:

Workstream name	Key CERF-funded initiatives	Supporting CERF-funded initiatives
Transport Choices \$350 million over two years	<ul style="list-style-type: none"> Transport Choices package 	

Workstream name	Key CERF-funded initiatives	Supporting CERF-funded initiatives
Light Vehicles Kilometres Travelled (VKT) reduction planning \$22.5 million	<ul style="list-style-type: none"> Waka Kotahi national VKT reduction plan urban VKT reduction programmes 	<ul style="list-style-type: none"> support Te Manatū Waka to develop sub-national VKT targets partner with transport and urban development agencies to assess spatial plans to understand their implications for emissions and VKT reduction support work by Te Manatū Waka on congestion pricing
Public transport	<ul style="list-style-type: none"> sustainable wages and conditions for bus drivers (tagged contingency) (\$61 million) national roll-out of the Community Connect scheme (\$245 million over 10 years) decarbonisation of the public transport bus fleet (up to \$137 million over 10 years) 	<ul style="list-style-type: none"> administer reimbursements to Public Transport Authorities to help meet the cost of revenue shortfalls arising from COVID-19 in 2021/22; and to reimburse them for revenue shortfalls arising from the introduction of half-price public transport fares, in April 2022.
Clean car upgrade	<ul style="list-style-type: none"> vehicle scrap and replace scheme (tagged contingency) (\$569 million) social leasing scheme (tagged contingency) (\$20 million) 	

6. We are in the process of appointing a CERF Director to oversee this programme. We are also recruiting and seconding staff into a programme management office (PMO), led by the Director, that will be responsible for reporting progress, risks and issues internally. The PMO will also provide reporting as part of wider transport CERF governance arrangements being set up by Te Manatū Waka, and as part of cross-government arrangements to track progress on the ERP and CERF as a whole.

Update on delivery of CERF-funded initiatives

Transport choices package

7. You have agreed that investment will be targeted in four key areas:
- Progressing strategic cycle networks
 - Creating walkable neighbourhoods
 - Safe, green, and healthy school travel
 - Making public transport more reliable and easier to use.

Indicative investment criteria

8. We are working on the eligibility and assessment criteria to shape recommended investment packages for your consideration. In line with your earlier direction, these criteria are likely to favour investment proposals that:
 - support light VKT reduction and mode shift in one (or more) of the four investment areas
 - will achieve meaningful change quickly – to build public confidence and deliver early benefits
 - are in large urban areas (where the potential for mode shift is greatest) but with some options to model approaches in smaller places
 - focus on infrastructure investment (rather than service improvements that may not be able to be maintained over time), complemented with wrap-around activities that build public support
 - build off existing network or strategic plans (e.g., a network cycling plan or Streets for People package) but are not yet funded
 - deliver multiple outcomes – to make every dollar spent work as hard as possible, not just delivering mode shift but also safety, access, travel choice etc.
 - have in-kind support or funding from partners
 - have local support
 - can be delivered fast (i.e., no lengthy planning processes are required, and there is market capability and capacity to deliver).

Engagement with councils on investment priorities

9. Waka Kotahi has been meeting with council partners – particularly in Tier 1 and 2 urban areas, but also beyond these areas – to identify potential investment options in each of the four investment areas. We expect to conclude these discussions in the next few weeks. We will then shape up options for each of the four investment packages for discussion with Te Manatū Waka and Treasury officials.
10. Discussions with councils to date have been positive. The new funding is seen as an important opportunity to bring forward work programmes that councils in most of our largest cities are already progressing. Many have high expectations of what could be funded through the Transport Choices package.
11. We are working to reinforce messaging about the interim nature of this package to support longer term, comprehensive planning through the light VKT reduction programmes. Most have emphasised that there is little opportunity for co-funding from them, given that the package needs to be implemented within the current National Land Transport Programme period (and their funding is already committed). Many have signalled capacity barriers and would welcome coordinated support from Waka Kotahi to design and then partner to deliver agreed initiatives. There is a particular gap in the market for skilled staff to support community engagement. We will factor in these considerations as part of our criteria and recommendations to you on proposed investment packages.

Next steps

12. Further information about our proposed process in the lead up to the September report to yourself and the Minister of Finance on investment priorities is attached. This process is indicative only, as we have not yet discussed it with Te Manatū Waka, which will also need to engage with the Treasury.

13. Other steps through to February 2023 are as follows:

- July – August 2022: complete council engagement
- July – September 2022: establish project management office
- September 2022: recommendations to Ministers of Finance and Transport on investment priorities for each of the four investment areas
- October 2022: communicate investment priorities to council partners and begin detailed planning
- October – December 2022: confirm council partnering arrangements
- January – February 2023: stand up design and delivery model.

Light VKT reduction planning

14. This workstream involves partnering by Waka Kotahi, councils, Iwi, Māori and communities to set a pathway towards achieving national and sub-national targets for light VKT reduction, primarily through development of a national VKT reduction plan and urban VKT reduction programmes for the largest cities.

Waka Kotahi national VKT reduction plan

15. This plan will set out the national actions required to help achieve the national VKT reduction target in the ERP. It will also set a framework for VKT reduction programmes to be developed in urban, rural and provincial places over time. It is likely to include:

- national direction, guidance and tools to support VKT reduction planning, investment and delivery in urban, provincial and rural Aotearoa
- national network planning for all modes that move people (walking, cycling, micro-mobility, public transport (including rapid transit)). This will also include the development of a National Walking Plan and a National Cycling Plan
- likely impact of land use and transport commitments
- critical dependencies with other sector-wide interventions – such as pricing or regulation
- national benchmark modelling of VKT, mode shift and transport emissions
- provisions for monitoring, reporting and evaluation
- research and data needs.

Urban VKT reduction programmes

16. In parallel with the development of the national plan, Waka Kotahi will be partnering with councils and other partners to develop urban VKT reduction programmes in each of the Tier 1 and Tier 2 areas, with a view to these programmes being in place ahead of the next National Land Transport Programme (i.e., by mid 2024). For Tier 1 urban areas and Queenstown, this work will build on mode shift plans developed with Waka Kotahi in 2020/21.

17. The urban VKT reduction programmes will comment on the urban form needed (in line with relevant spatial planning) and set out the investment and other activities to deliver the transport options and demand management measures (such as pricing) needed to reduce VKT in each urban area, in line with national and sub-national targets.

Inter-dependencies and linkages with Ministry-led initiatives

18. We have been supporting Te Manatū Waka to build the evidence base underlying the proposed sub-national targets and other supporting information, and with council engagement in recent days on indicative targets.
19. We are also preparing an initial assessment of how well existing growth strategies and plans are aligned with the national target. This work is being undertaken in partnership with the Urban Growth Agenda (UGA), central government partners, to deliver on a specific action in the ERP, and will inform our national plan and the urban programmes.
20. CERF funding also included funding for Te Manatū Waka to progress work on congestion pricing, and to develop a national freight and supply chain strategy (in line with ERP actions). Both of these elements will make important contributions to national and urban VKT reduction planning, and to achieving national and sub-national targets.
21. In due course, we will work with Te Manatū Waka to plan for funding to implement the urban VKT reduction programmes, once these are in place.

Timelines and next steps

22. Our indicative timeline for developing the Waka Kotahi national plan and the urban VKT reduction programmes is as follows:
 - July – August 2022: support work to develop and engage with councils on the draft sub-national VKT targets
 - July – Dec 2022: support Budget process to seek funding for implementation of national plan and urban programmes
 - August 2022: confirm scope of Waka Kotahi national VKT reduction plan
 - October 2022: commence engagement with councils, iwi, Māori and other partners on the national plan; and on a proposed approach to develop the urban VKT reduction programmes
 - December 2022: publish sub-national VKT reduction targets
 - February 2023: initiate council engagement for development of urban VKT reduction programmes
 - June 2023: publish the Waka Kotahi national VKT reduction plan
 - December 2023: agree Tier 1 urban VKT reduction programmes
 - June 2024: agree Tier 2 urban VKT reduction programmes.

Public transport

23. Te Manatū Waka and Waka Kotahi are working with councils, public transport authorities (PTAs) and other partners on three key initiatives aimed at improving public transport services and decarbonising the public transport fleet. These are:

Providing sustainable wages and conditions for bus drivers.

24. **section 9(2)(g)(i)**

We will support Te Manatū Waka to reflect this approach in your report back to Cabinet in August 2022.

25. We will ensure we have the systems and processes in place to distribute the tagged contingency funds as agreed. Once Cabinet has agreed to release the funds, we will invite councils to submit their funding requests based on agreed criteria.
26. In due course, following your December report to Cabinet on requirements for a sustainable funding model, we will be well-placed to administer funding for PTAs in line with the agreed model and funding criteria.

Rolling out Community Connect across all public transport networks

27. PTAs advise us that they are on track to meet the new deadline to implement Community Connect by 1 February 2023.
28. We have been working alongside Te Manatū Waka, councils, the Ministry of Social Development and ticketing providers (eg, Snapper) to establish the interfaces and processes required to enable concessions to be deducted at time of travel. The deferred implementation date has been useful in providing some extra time to do this well. We will also support work on amendments to legislation governing Community Services Cards to enable card-holders to access half price concessions at time of travel.
29. Waka Kotahi is well-placed to administer the CERF funding to reimburse PTAs for reduced revenue as a result of the 50 percent concession delivered through Community Connect, from February 2023.

Funding for bus decarbonisation

30. Waka Kotahi has work underway to understand, with input from PTAs, what plans are in place to upgrade existing bus fleets and how these plans could be brought forward.
31. We are working with Te Manatū Waka to release funding to enable us to develop a fleet transition plan, which will be a significant piece of work section 9(2)(g)(i)
32. Once a fleet transition plan is in place, we will be in a position to confirm investment priorities for new low-emissions buses and related infrastructure (such as charging technology). Further work will be required to confirm funding allocation systems, criteria and processes. We will work with Te Manatū Waka to develop these.

Clean car upgrade

33. The Clean Car Upgrade consists of two initiatives to support people on lower incomes into cleaner and safer vehicles or low emission transport alternatives:
 - Vehicle scrap and replace scheme
 - Social leasing scheme.
34. We have been supporting Te Manatū Waka with advice to you on these schemes, the approach for their design and implementation, as well as key risks and issues arising. We will report back to you with further advice on these issues as this work proceeds.

Access to funding

35. We are working with Te Manatū Waka to agree on requirements for accessing CERF funding.
36. 'Seed funding' is needed to establish and progress most of the workstreams. This will support work by Waka Kotahi as well as our partners. For example, to enable councils' engagement in VKT reduction planning).
37. Some allocations (the Clean Car Upgrade schemes and funding to increase bus driver wages) are tagged as contingencies, which means that Cabinet agreement is needed to release funds. We will support Te Manatū Waka with drafting for relevant Cabinet papers.

Next steps

38. We will keep you up to date on our progress to deliver CERF-funded initiatives, and to address issues and risks arising.

It is recommended that you:

1. **Note** this update on the work that Waka Kotahi has underway to deliver CERF-funded initiatives, and next steps for implementation.

Noted



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Richard May
 Chief of Staff

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Hon Michael Wood, Minister of Transport
 Date: 2022

Attachment 1: Indicative pathway for September report to the Ministers of Transport and Finance on investment priorities for the Transport Choices package (subject to agreement with Te Manatū Waka)

