

OC230678

19 September 2023

Tēnā koe

I refer to your Official Information Act 1982 (the Act) request received on 1 August 2023 requesting the following information:

“...a copy of all reports, briefings and advice, but excluding OIA request and proactive release briefings, that the Ministry provided to the Minister of Transport in July 2023, excluding Weekly Reports.”

On 25 August 2023, we advised you of an extension to the time period for responding to your request. The extension was due to consultations necessary to make a decision on your request being such that a proper response could not reasonably be made within the original time limit. We have now completed the necessary consultations.

There were 33 documents in scope of your request:

- 20 are released with some information withheld or refused
- nine are withheld (six of which also have their titles withheld)
- four are refused.

As noted above, I am withholding the titles of six documents. Both the titles and the contents of these documents remain under active consideration, therefore no further details about these papers has been provided to you in this response.

Certain information is withheld under the following sections of the Act:

- 9(2)(a) to protect the privacy of natural persons
- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- 9(2)(ba)(i) to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
- 9(2)(h) to maintain legal professional privilege
- 9(2)(j) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
- 18(d) the information requested is or will soon be publicly available

The above information is summarised in the document schedule at Annex 1.

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry's website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Hilary Penman
Manager, Ministerial Services

Annex 1 - Document Schedule

Doc #	Reference	Document	Decision on release
1	OC230547	Interim update- Manukau Harbour port feasibility study	Refused under Section 18(d). Once published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
2	OC230604	Meeting with Maritime Union of New Zealand	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
3	OC230569 T2023/1349	Rapid Review into KiwiRail's handling of recent disruptions	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i). Annex 1 is refused under Section 18(d), as its available here: https://www.transport.govt.nz/assets/Uploads/TERMS-OF-REFERENCE-RAPID-REVIEW-OF-KIWI-RAILS-HANDLING-OF-RECENT-DISRUPTIONS-TO-PASSENGERS.pdf
4	OC230587	Reshaping Streets - Streets Layouts Rule	Released with some information withheld under Sections 9(2)(a), and 9(2)(f)(iv) Annex 1 is refused under Section 18(d), as it is available here: https://www.nzta.govt.nz/resources/rules/street-layouts-2023/
5	OC230389	Future of the Land Transport Revenue System	Withheld in full under Section 9(2)(f)(iv).
6	OC230591	Cabinet paper on Waka Kotahi's emerging preferred option for the Waitematā Harbour Crossing	Withheld in full under Section 9(2)(g)(i).
7	OC230590	Waka Kotahi NZTA Performance- 2022/23 Year-to-date	Released with some information withheld under Section 9(2)(a).
8	OC230617	Letters of Comfort to Civil Aviation Authority and Maritime New Zealand	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
9	OC230634	2023/24 Estimates Post Hearing Questions	Released with some information withheld under Section 9(2)(a). The attachment is refused under Section 18(d). Once published, it will be available here: https://www.parliament.nz/en/pb/sc/sci/transport-and-infrastructure/tab/submissionsandadvice
10	OC230599	City Rail Link Limited - Confirmation Of Directors' Fees For 2023/24	Released with some information withheld under Section 9(2)(a).
11	OC230621	Update on Road to Zero	Released with some information withheld under Section 9(2)(a).

Doc #	Reference	Document	Decision on release
12	OC230516	Developing the transport content for the second Emissions Reduction Plan (ERP2) – initial strategic considerations	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
13	OC230537	Monthly Dashboard ERP - Apr 23	Released with some information withheld under Sections 9(2)(f)(iv) and 9(2)(g)(i).
14	OC230572	Monthly Dashboard ERP - May 23	Released with some information withheld under Sections 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(j)
15	OC230497	Update to the KiwiRail and Waka Kotahi Delegation Letters for the New Zealand Upgrade Programme	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(j).
16	OC230017	Proclamation of Māori land (Himatangi 2A6 Block) as a road under section 321 of Te Ture Whenua Māori Act 1993	Released with some information withheld under Section 9(2)(a) and 9(2)(h).
17	OC230330	Total Mobility Review (Terms of Reference)	Released with some information withheld under Section 9(2)(a). Annex 1 is refused under Section 18(d) as it is available here: https://www.transport.govt.nz/area-of-interest/strategy-and-direction/review-of-the-total-mobility-scheme/
18	OC230632	Government Response to the Report of the Regulations Review Committee on the Complaints of Barry Preddle, Jane Carrigan and the Dunedin Pedestrian Action Network About the E-Scooters (Declaration Not to Be Motor Vehicles) Notice 2018	Withheld in full under Section 9(2)(f)(iv)
19	OC230647	Aerospace Strategy Ministerial group meeting	Released with some information being withheld under Sections 9(2)(a), 9(2)(b)(ii), 9(2)(f)(iv) and 9(2)(g)(i).
20	OC230652	Approval Required to Submit LTMA Order In Council and Supporting Documents to Review Panel and Regulations Review Committee	Refused under Section 18(d). Once published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm
21	OC230480	Review and Approval of the Amendment Agreement – Meteorological Service of New Zealand Ltd, 1 July 2023 to 30 June 2027	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii).
22	OC230579 T2023/1319	City Rail Link Project Delivery Agreement Variation	Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii) and 9(2)(ba)(i)
23	OC230653 T2023/1462	Draft GPS 2024 -Further advice	Refused under Section 18(d) Once published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm

Doc #	Reference	Document	Decision on release
24	OC230603	Regulation of Public Transport Bill - Second Reading Speech	Released with some information withheld under Section 9(2)(a).
25	OC230654	Update on Community Connect Transitional Arrangements	Released with some information withheld under Section 9(2)(a).
26	OC230620	Meeting with SmartGrowth Leadership Group - 1 August 2023	Released with some information withheld under Sections 9(2)(a) and 9(2)(i).
27	OC230663	Revised Draft GPS 2024	Refused under Section 18(d) Once published, it will be available here: https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm

5 July 2023

OC230604

Hon Kiri Allan
Associate Minister of Transport

cc Hon David Parker
 Minister of Transport

MEETING WITH MARITIME UNION OF NEW ZEALAND

Snapshot

You are to meet with the Maritime Union of New Zealand (MUNZ) in July to discuss their views on coastal shipping, Ports of Auckland, National Ports Strategy, Fair Pay Agreements, and offshore wind power.

Time and date	July 2023 <i>(date, time and venue to be confirmed)</i>
Attendees	Craig Harrison, National Secretary, MUNZ Victor Billot, Communications Officer, MUNZ
Agenda	Coastal Shipping Ports of Auckland National Ports Strategy Fair Pay Agreements Offshore wind power
Talking points	Talking points and questions are in Annex 1

Contacts

Name	Telephone	First contact
Bryn Gandy, Deputy Chief Executive, System Strategy & Investment	s 9(2)(a)	
Jacob Ennis, Manager, Supply Chain		✓
Robert Parker, Policy Adviser, Supply Chain		

Key points

- You are to meet with Craig Harrison (National Secretary) and Victor Billot (Communications Officer) of the Maritime Union of New Zealand (MUNZ). This is to discuss issues in the New Zealand maritime sector. The membership of MUNZ is made up of waterside (port) workers and seafarers.
- The agenda includes a broad range of topics. Topics that will likely be raised by MUNZ include:
 - Coastal shipping
 - Ports of Auckland
 - National Ports Strategy
 - Fair Pay Agreements
 - Offshore wind power.
- MUNZ has a particular interest in ensuring government support for coastal shipping. They are also campaigning for changes to section 198 of the Maritime Transport Act 1994 regarding the movement of domestic freight by foreign flagged vessels.
- MUNZ is also likely to raise concerns around the cancellation of Maersk's Coastal Connect service and is particularly concerned by the potential of Auckland Council selling an operating lease for Ports of Auckland. They may also raise concerns around New Zealand's fuel security due to the closure of the Marden Point oil refinery in 2022.
- MUNZ will be looking to discuss levers available to further support coastal shipping and potential areas where they can collaborate with government going forward, such as on the implementation of the freight and supply chain strategy and the development of offshore wind power.

Background on MUNZ

- 1 MUNZ represents waterfront workers, seafarers and related workers in New Zealand. Its jurisdiction spans ships, ship-to-shore activities and land. It was formed in 2002 from the merger of the New Zealand Waterfront Workers' Union and the New Zealand Seafarers' Union. It has 10 branches around New Zealand.
- 2 MUNZ is a member of the Port Health and Safety Leadership Group. It represents around 50 percent of stevedores, and most crew aboard domestic vessels that are not officers or engineers.

Coastal shipping

- 3 The Government has invested in making coastal shipping a more viable transport alternative to strengthen and diversify domestic supply chains and help to achieve economic development and decarbonisation goals.
- 4 In May 2022, Waka Kotahi selected four recipients of \$30 million of funding for co-investment in new and enhanced coastal shipping services¹. These services are to help resolve immediate challenges to the coastal shipping and the wider freight sector by providing a platform for future growth across all modes, with increases in capacity

¹ The coastal shipping suppliers are: Aotearoa Shipping Alliance, Coastal Bulk Shipping Ltd, Move International Ltd, and Swire Shipping NZ Ltd.

and capability for both new and existing bulk materials and containerised cargo. Each of the selected suppliers are to bring at least one additional coastal shipping vessel into service, with suppliers investing over \$60 million through their proposals – a combined investment in the sector of over \$90 million. Two are currently operational².

- 5 It is estimated these services will collectively remove around 35 million kilometres of truck travel from New Zealand's roading network every year, creating new employment opportunities for mariners and supporting regional development. This will also support our commitment in the first Emissions Reduction Plan (ERP) to reduce emissions from freight transport by 35 percent by 2035.
- 6 This year, the Ministry of Business, Innovation and Employment (MBIE) supported a coastal shipping service between Gisborne and Napier from March to June to provide a lifeline for those affected by Cyclone Gabrielle. The *Rangitata* ship used by this service was one of the recipients of the \$30 million Waka Kotahi coastal shipping activity class funding. With the re-opening of State Highway 2 the service was ceased as cargo owners largely preferred to use the road network.

Section 198 of the Maritime Transport Act 1994 and the carriage of coastal cargo

- 7 MUNZ is campaigning for changes to section 198 of the Maritime Transport Act 1994 (MTA) which it considers places New Zealand shipping at a competitive disadvantage and requires "immediate reform".
- 8 Section 198 of the MTA specifies that New Zealand coastal cargo can be carried by:
 - New Zealand ships
 - Demise charter ships, i.e. foreign registered ships operating under New Zealand terms and conditions
 - Foreign ships in transit, provided they are on a continuous journey and the carriage of coastal cargo is incidental to the carriage of international cargo.
- 9 If none of the above ships are available, specific authorisation can be given to a foreign ship to carry a coastal cargo. The power to issue an authorisation rests within the Ministry pursuant to a delegation from the Minister of Transport in 2003.
- 10 The Ministry follows a well-established process when considering section 198 applications including consulting with interested parties (such as MUNZ) and utilising a standard template that is reviewed by Ministry's legal team before it is sent to the decision-maker. The Ministry considers the process to be robust and ensures that section 198 applications are considered in accordance with the law. When necessary, particular issues are addressed with the Crown Law Office.
- 11 Note, the number of section 198 applications is small compared to the number of ship visits to New Zealand every year. The applications are often made in response to situations that have arisen unexpectedly. The provision in section 198 for the use of demise charter ships is also another option by which employment opportunities may be created for New Zealand seafarers.
- 12 Transit ships are important to New Zealand's domestic connectivity. As the ships are already engaged in a series of port calls, there is the opportunity to fill what might otherwise be un-utilised cargo space. Transit ships play a role within the wider

² Swire via its Pacifica brand and Coastal Bulk Shipping.

context of reducing freight costs in a time where many New Zealanders are facing cost of living pressures.


Maersk Coastal Connect service

- 13 MUNZ has expressed particular concern at Maersk's decision to end its Coastal Connect service employing New Zealand crew on two ships under demise charter. Maersk advised the decision was due to congestion at Lyttelton and Tauranga which negatively impacted on Maersk's wider New Zealand services.
- 14 To alleviate the pressure on the New Zealand port network, Maersk has had to turn their coastal service into an international service that now calls at Melbourne. Operationally, this means that Nelson and Timaru export/import cargo is now being hubbed via Melbourne rather than via Lyttelton and Tauranga. Section 198 of the MTA does not apply to the Nelson and Timaru cargoes now being hubbed via Melbourne – what was formerly coastal cargo is now international cargo.

Government Policy Statement on Land Transport

- 15 The Ministry is currently developing the next iteration of the Government Policy Statement on Land Transport 2024/25 to 2033/34 (GPS). As part of this, the GPS will build on the direction of GPS 2021, which included a coastal shipping activity class with between \$30-\$45 million across three years. The Ministry is aiming to consult on the draft GPS prior to the election³.

Ports of Auckland

- 16 Recent media reporting has suggested that Auckland Council is considering the sale of an operating lease for Ports of Auckland. We understand that Auckland Council is undertaking work to evaluate their ownership objectives for the Ports of Auckland and how the Council can best achieve them. The recent change to the Ports of Auckland constitution, for the shareholder to appoint the Chair and Deputy Chair, will likely improve the Council's ability to give effect to its ownership objectives (once they have been decided).
- 17 s 9(2)(g)(i)

- 18 The Ministry has not been involved in this work to date. We understand this work has been underway for about two years and was initiated in response to Auckland Council's dissatisfaction with the financial return from the port. We have been assured that Council has not yet taken any decisions. Rather, it is exploring a range of possible options to be considered as part of its Long-term Plan. We have also encouraged Auckland Council to continue engaging with shipping lines, cargo owners, trade unions and other stakeholders.

³ The draft indicative priorities are available on the Ministry of Transport's Website:
<https://www.transport.govt.nz/area-of-interest/strategy-and-direction/government-policy-statement-on-land-transport-2024/>

National Ports Strategy

- 19 In MUNZ's view, New Zealand requires a National Ports Strategy to ensure that ports are collaborating rather than engaging in what it has termed "aggressive competition". There are also concerns around health and safety and workers' conditions in New Zealand ports.

Freight and supply chain strategy

- 20 In June, Cabinet agreed to New Zealand's first freight and supply chain strategy – this has not yet been formally launched. It will take a long-term 30-year view and will help tackle the underlying challenges of our freight and supply chains, future proofing the system against climate change, international shocks, population growth and urbanisation, technological advancements, and shifts in international geopolitics and trading patterns.
- 21 During the strategy's issues paper consultation period, the ports sector was a particular focus area for stakeholders. Commonly expressed views were that our ports are less productive than they should be, our port infrastructure needs improvement, road and rail connections to ports are inadequate, and there is insufficient capacity in our ports system to absorb major disruption.
- 22 One of the key focus areas of the freight and supply chain strategy is ports and the connections to their communities. This recognises the national significance of ports to New Zealanders given around 99 percent of traded goods by weight flow through them. As such, we need to ensure ports are res- s 9(2)(g)(i) productive to support our economic prosperity. The strategy includes some initial actions to build a better understanding of the ports system and how we can make it more resilient and productive. This year and in early 2024 we will be collaborating with stakeholders on the next steps for implementing the strategy, including potentially a more comprehensive programme of work on ports.

System reform

- 23 s 9(2)(f)(iv) Existing 35-year coastal permits, which 11 port companies received as part of the initial transition to the Resource Management Act to provide certainty about their operations, will expire on 30 September 2026 and will not be extended under the new system. Protection of ports' strategic importance will now occur through:
- Regional Spatial Strategies (RSS), which will provide strategic direction on key matters including major infrastructure
 - The National Planning Framework (NPF), which will provide direction to RSS and will be an opportunity to emphasise the critical role of ports – the first NPF is expected to be notified by 1 September 2023.

Health and safety

- 24 In March, the former Minister of Transport agreed to a set of six actions proposed by the Port Health and Safety Leadership Group to address harm occurring at ports⁴. Progress has been made across most actions. The Approved Code of Practice for Stevedoring is largely completed, guidance on fatigue is well into an implementation process and the port industry have mapped skills gaps in their sector.
- 25 Regarding regulatory arrangements, Cabinet agreed in April 2023 to extend Maritime New Zealand's designation to include "work at commercial ports handling containers, logs, and/or bulk cargo, excluding major hazard facilities". Maritime New Zealand will take over most functions and powers of the regulator under the Health and Safety at Work Act 2015 and will receive new funding for the expanded role – WorkSafe retains some functions and powers relating to authorisations. The extended designation will take effect on 1 July 2024.

Fair Pay Agreements

- 26 The Fair Pay Agreements Act was passed into law on 1 November 2022. This was passed to level the playing field by enabling employers and unions to negotiate a basic floor under the pay and conditions of workers in a sector. This represented a major evolution of our employment system.
- 27 Fair Pay Agreements address two fundamental issues in our labour market: the imbalance of bargaining power between workers and employers, and a "race to the bottom" in industries that compete heavily on cost. The objective is to improve labour market outcomes by enabling employers and employees to share in economic gains. This enables employers and employees to bargain collectively for industry or occupation-wide minimum employment terms and to bridge the gap between economy-wide minimum employment standards and the limited form of collective bargaining that previously occurred.

Minimum wage increase

- 28 On 1 April 2023, the minimum wage rose by \$1.50 to \$22.70 per hour. This increase was to provide a much-needed boost to the lowest paid workers and assist many low-income households. An estimated 222,900 New Zealand workers currently paid between the current and new minimum wage rates received an increase in their pay because of the change in the minimum wage.

Offshore wind power

- 29 MUNZ has expressed an interest in the development of offshore wind power which it considers could provide better outcomes for high skill, high paying maritime jobs. MBIE is currently working on developing regulatory proposals to enable development of offshore renewable energy infrastructure in New Zealand. This work responds to the Government's commitment in the ERP and focuses on establishing settings to enable the selection and management of developments to meet national interests.

⁴ The actions are: develop an Approved Code of Practice for Stevedoring; develop and implement fatigue guidance; build a robust system for incident notification, insights and intelligence; address issues with workforce sustainability and skills; and resolve the confusing regulator arrangements.

- 30 MBIE is publicly consulting on regulatory settings in two phases. The first phase was completed in April 2023 and sought feedback on approaches to managing feasibility activities for offshore renewable energy developments. Cabinet agreed to the release of a second discussion document that considers regulatory settings to oversee the construction, operation and decommissioning of infrastructure. This discussion document also covers issues relating to transmission challenges, approaches to managing health and safety risks and economics of the regime.
- 31 These regulatory settings are being developed at pace. As such, the upcoming consultation has a narrow focus and does not directly engage on issues relating to workforce or supply chains. However, MBIE understands that prospective developers are assessing skills shortages in developing their project plans. MBIE's Just Transitions team is also exploring the opportunities offshore renewables present for the Taranaki workforce and other regions where development may be feasible.

(If raised) Marsden Point oil refinery

- 32 MUNZ may raise concerns regarding the removal of New Zealand coastal tankers and the closure of the Marsden Point oil refinery in 2022. Their view is that New Zealand is now exposed to fuel insecurity.
- 33 The Government received advice in 2022 from the fuel industry and independent experts that a 100 percent fuel import model would be more resilient to domestic disruption scenarios than retaining a domestic refinery. This is because there would no longer be a "single point of failure risk" associated with refining. Import shipments of refined fuels can provide more flexibility to respond to local disruptions, as shipments can be redirected to ports where they will be most useful for fuel distribution by road.
- 34 Before the transition, New Zealand was effectively fully dependent on international shipping for its petroleum supply and was for at least 30 years. The decision to stop using coastal tankers reflected a shift to solely use international fuel product tankers rather than a mix of both international crude and fuel product tankers.
- 35 Since Refining NZ's production largely feeds the Northland and Auckland markets, the majority of the fuel supplies to the South Island were already delivered by international tankers. In 2022, fuel companies had not had issues supplying the South Island. This suggested that New Zealand's fuel security should not be affected by the switch to full reliance on international tankers for fuel deliveries.

Annex 1: Talking Points**MEETING WITH MARITIME UNION OF NEW ZEALAND****Coastal shipping**

36

s 9(2)(g)(i)

- 37 The Government has demonstrated its support for domestic coastal shipping through the investment of \$30 million, which has resulted in additional services. Government is also open to considering what further assistance might be offered.
- 38 The draft GPS will have a greater focus on reconstruction of damaged infrastructure, as well as building greater resilience so our transport network can better withstand the increasing frequency of extreme weather events. Further information on the draft GPS indicative priorities is available on the Ministry of Transport's website.
- 39 Maersk's decision to end its Coastal Connect service is understood to have been driven by supply chain constraints, showing up in congestion at the ports of Lyttelton and Tauranga. This is an area in which government is also exploring how it might assist.

Ports of Auckland

- 40 You may wish to underscore that Auckland Council is exploring options to evaluate their ownership objectives for the Ports of Auckland as part of its Long-term Plan. It has not taken any decisions in this regard.

National Ports Strategy

- 41 You may wish to highlight that the freight and supply chain strategy will take a long-term 30-year view to help tackle the underlying challenges of our freight and supply chain system. One of the key focus areas will be to address ports and the connections to their communities to ensure they are resilient to long-term threats and highly productive. There will also be opportunities for MUNZ to contribute to the strategy's implementation.

Fair Pay Agreements

- 42 You may wish to underscore the Government's commitment to improve the pay and conditions of workers through Fair Pay Agreements and ask MUNZ their perspectives on the Fair Pay Agreements Act.

Offshore wind power

- 43 You may wish to note that the Government wants to enable the development of offshore renewable energy through the regulatory settings that are currently being developed by the Minister of Energy and Resources and MBIE. They have committed

to delivering these regulatory settings by 2024 to provide certainty to developers that are interested in investing in New Zealand.

44

s 9(2)(g)(i)

Government is open to hearing more about the opportunities MUNZ sees for its union members in this new industry. MUNZ will also be able to engage in the public consultations process on the regulatory settings needed for these developments later this year.

(If raised) Marsden Point oil refinery

- 45 You may wish to highlight that the Government's decision to close the Marsden Point oil refinery was based on independent expert advice and has removed a 'single point of failure risk' associated with refining. The Government is currently looking into improving fuel resilience in New Zealand and would be open to hearing MUNZ's perspectives.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

6 July 2023

BRIEFING

OC230569-T2023/1349

Document 3

Hon David Parker
Minister of Transport

Hon Grant Robertson
Minister of Finance

Hon Dr Duncan Webb
Minister for State Owned Enterprises

RAPID REVIEW INTO KIWIRAIL'S HANDLING OF RECENT DISRUPTIONS

Purpose

Provide initial advice on the final report (the report) of the Rapid Review (the review) into KiwiRail's handling of recent disruptions, to support a potential meeting with the reviewers, and provide guidance regarding any direct actions that need to be taken with KiwiRail.

Key points

- The review has been completed. The report of the review has been presented for the sponsoring Ministers' comments and for a discussion between the Ministers and the reviewers, yet to be scheduled.
- The report does a good job of explaining the operational failure that led to the recent disruption in the Wellington Metro, which triggered the review. More importantly, the review has identified wider systems issues that have contributed to this failure.
- At a high level, the report concludes that the current arrangements in the following four areas are inadequate and makes recommendations accordingly:
 - metro rail system governance
 - safety standards and procedures
 - funding required to maintain the network
 - addressing the findings of previous reports on metro rail issues.



Operational response

- It should be possible to address many of the operational recommendations within the various entities as a matter of course, and we note that work is already underway in

many of the identified areas. As part of their regular engagement, Ministers should ask KiwiRail and other relevant parties for a process to monitor progress.

- This briefing does not focus on the operational recommendations (most of the recommendations) but instead focuses on the system level problems that ultimately will require Ministerial consideration.

System-level response

- Some of the key system-level problems identified could be progressed via the Ministry of Transport undertaking a review of the Metropolitan Rail Operating Model (MROM review) to ensure that the system is fit to support current and future operations.
- A key focus area for an MROM review would be to resolve ongoing funding shortfalls within the system, based on a close partnership with all parties involved in the system. We can also consider options to simplify existing funding channels, as recommended by the reviewers.
- The MROM review could also address other system level recommendations, such as improving system governance, strengthening the role of Waka Kotahi as an independent verifier, and developing a set of system objectives.
- s 9(2)(f)(iv)

- s 9(2)(g)(i)

- We have also encouraged KiwiRail and Wellington and Auckland Metro to progress the recommendations in the review where they can. We understand there is work underway on this including picking up recommendations like improving their approach to working together.

Ownership response

- There are some significant issues raised around KiwiRail's performance. These can be largely addressed through KiwiRail's participation in the subsequent work programmes in response to the recommendations. Consequently, we expect KiwiRail to cooperate and engage fully, and positively, in processes that emerge from the review.
- To facilitate this, shareholding Ministers should raise with KiwiRail, the expectation that KiwiRail consider all recommendations and respond in a constructive manner.

We recommend you:

1. **Note** that many of the operational recommendations from the Rapid Review should be able to be addressed as a matter of course within the various entities.
2. **Note** that the Rapid Review raises a range of issues around KiwiRail's priorities and performance, which will be largely addressed through KiwiRail's participation in subsequent work programmes in response to the operational recommendations.
3. **Note** that the system-level recommendations from the Rapid Review require Ministerial consideration and could be addressed through a review of the Metropolitan Rail Operating Model.
4. **Agree** that shareholding Ministers, when next engaging with the KiwiRail Chair, express the expectation that KiwiRail works constructively with other parties in responding to the recommendations. Yes / No
5. **Direct** Ministry of Transport officials to report back on the potential scope of a Metropolitan Rail Operating Model review and funding options for resources required. Yes / No

Hon Grant Robertson
Minister of Finance

..... / /

Hon Dr Duncan Webb
Minister for State Owned Enterprises

..... / /

Hon David Parker
Minister of Transport

..... / /



Michael Moore
**Acting Manager –
Commercial and
Institutional
Performance
The Treasury**



Jacob Ennis
**Acting Manager –
Supply Chain
Ministry of Transport**

OC230569-T2023/1349

Minister's office to complete:

☐ Approved☐ Declined☐ Seen by Minister☐ Not seen by Minister☐ Overtaken by events

Comments:

Contacts

Name	Telephone	First contact
Bryn Gandy, Deputy Chief Executive (MoT)	s 9(2)(a)	✓
Jacob Ennis, Acting Manager – Supply Chain (MoT)		
Michael Moore, Acting Manager – Commercial and Institutional Performance (TSY)		✓

THE RAPID REVIEW INTO KIWIRAIL'S HANDLING OF RECENT DISRUPTIONS

The review is a fair representation of the issues in the metro rail system

- 1 The reviewers, Greg Pollock and Rick van Barneveld, have submitted the final report (the report) of their review into KiwiRail's handling of recent disruptions (Annex One refers). The executive summary of the report provides a useful summary of the background and key conclusions of the review.
- 2 The report concludes that the current arrangements in the following four areas are inadequate and makes recommendations accordingly:
 - metro rail system governance
 - safety standards and procedures
 - funding required to maintain the network
 - addressing the findings of previous reports on metro rail issues.
- 3 Officials sought your agreement to a meeting between you, the Minister of Finance and the Minister for State Owned Enterprises (collectively the sponsoring Ministers) and the reviewers to discuss the report (OC230554 refers).
- 4 The report should be well received by the various agencies involved (KiwiRail, Greater Wellington Regional Council, Auckland Transport and Waka Kotahi) and be seen as a fair representation of the issues within the metro rail system (the system). At the margin, there may be some differences of opinion on how best to address these issues. It is likely Greater Wellington Regional Council in particular will be very keen for these recommendations to be implemented.
- 5 The report acknowledges a lot of work is currently being done to improve the system, but the reviewers think this work could be happening faster and with better oversight.

The incident that led to the review is a symptom of wider system issues

- 6 Although the review was commissioned because of a particular operational failure by KiwiRail that resulted in passenger disruptions on the Wellington Metro in early May, the review has identified the system-level issues that contributed to this failure. These system-level issues need to be addressed if the metro networks are to deliver reliable services into the future.
- 7 This briefing does not focus on the operational recommendations (most of the recommendations) but instead focuses on the system-level problems that ultimately will require Ministerial consideration. The incident and review provide additional momentum for all entities to work collaboratively to solve the more fundamental problems identified.

- 8 The review has been conducted against the backdrop of heightened public interest in rail. There is public expectation for rail to play a more prominent role in New Zealand's public transport to reduce emissions. This review has received a fair degree of public and media interest in that context.

Many of the operational recommendations should be addressed as a matter of course

- 9 The report makes a range of detailed recommendations in various areas (a list of recommendation is on pages 52-54 of the report). Many of the recommendations are operational. We expect that these will be addressed as a matter of course within the various entities, although it will be up to the respective agencies to decide on what specific operational changes need to be made.
- 10 KiwiRail has adopted a positive approach to the review and was expected to meet with the reviewers on Friday 30 June to go through the recommendations in detail.
- 11 It would be sensible for Ministers to seek assurance from officials that there is an appropriate process to monitor that the review recommendations have been properly considered and implemented.
- 12 The reviewers stated (conclusion #4 in the executive summary):
“We recommend that the Minister of Transport direct the Ministry to establish a programme within 30 working days to deliver and monitor the implementation of accepted recommendations from our review along with those of the Auckland RCF [rolling contact fatigue] Report (2022) that remain incomplete.”
- 13 There is already a cross agency group (the Metro Rail System Standing Group Meeting (MRSSG) established to monitor the recommendations from the Independent Review into Auckland Metro Rail System Issues (2022), which looked at the issues that gave rise to advanced rolling contact fatigue on the Auckland network. There is potential for this group to also take on the role of monitoring the recommendations from this review.
- 14 This group could also be tasked with providing an update to Ministers (and the Joint Governance Groups which have been recently established in Auckland and Wellington) by the end of the year on the progress of addressing issues identified through the review. Up until now secretariat support for this group has been provided by Waka Kotahi. Whilst the Ministry could provide this role, it has not done so to date due to competing priorities within the rail space and resource constraints.

The review raises significant questions regarding KiwiRail's priorities and performance

- 15 While the review recommendations are largely at an operational and systems level, there are several themes throughout the report relating to the performance of KiwiRail in its role in delivering metro network services.

- 16 The overarching theme in that regard is that KiwiRail does not give sufficient priority to the metro network or the impact that its actions have on metro operations and customers. The reviewers concluded that there was:
- insufficient integration both internally and externally
 - outdated network access rules
 - insufficient benchmarking, and
 - a need for KiwiRail to ensure it has the right skills available to support metro services.
- 17 Consequently, the reviewers recommended for KiwiRail, amongst other things:
- it considers establishing a tier-two executive role exclusively focused on metro rail.
 - better internal communication processes, reflecting delays in escalation for recent events and/or the failure to recognise the impact on the public of actions taken by KiwiRail
 - reporting that creates more visibility for metro rail performance, including in the Statement of Corporate Intent and Corporate Reporting.
 - participation in better governance arrangements over metropolitan rail involving, Waka Kotahi, Greater Wellington Regional Council and Auckland Transport.
- 18 Given the significance of issues raised, we should expect KiwiRail to cooperate and engage fully, and positively, in processes that emerge from the review. Given KiwiRail's state-owned enterprise status, we recommend that shareholding Ministers to clarify this expectation with KiwiRail.
- 19 Our review has not considered the financial and operational implications of implementing the Rapid Review's recommendations on KiwiRail. We would expect these to be addressed, and associated issues raised, as part of the process of responding to recommendations, as this will require the input of multiple parties.

The identified system level problems and recommendations could be progressed through a review of the Metropolitan Rail Operating Model

- 20 The reviewers state that it is important for all the recommendations of the 2022 Auckland Rolling Contact Fatigue review to be implemented, and that their review makes similar and some broader recommendations.
- 21 The key system-level problems identified could be progressed via the Ministry of Transport undertaking a review of the Metropolitan Rail Operating Model (MROM review) to ensure that the system is fit to support current and future operations.

- 22 The MROM was agreed by Cabinet in 2009. It is a policy framework underpinning the current system, upon which the future development of metro rail operation should be based to improve the operation of metro rail services.

Addressing the funding gaps and arrangements, working closely with partners, would be the priority for an MROM review

- 23 A key part of an MROM review would be to address the current funding arrangements and look at options to address the current affordability issues faced by councils. We note that the reviewers stated (conclusion #3 in the executive summary):

“We recommend the Minister of Transport seek advice on means to re-prioritise existing funding to resolve the Auckland and Wellington network maintenance and steady state renewals funding gap.”

- 24 We share the reviewers’ concern that the funding issues need to be resolved to avoid potentially lengthy customer service disruptions in the future (also refer to recommendations B4 and B5). These issues should be addressed before any further enhancement to service levels are considered.

- 25 s 9(2)(f)(iv) and s9(2)(g)(i)

26

- 27 The reviewers also highlight that the current funding arrangements have become too complex, with the result that a single coherent view of investment and expected metro outcomes is not clear. Officials agree that the funding arrangements should be made simpler and clearer.

- 28 In addition, the reviewers found that agencies need to improve their approach to partnering, collaboration and communication and may need some further support from government in the form of statutory or governance interventions.

- 29 An MROM review could be the vehicle to bring together all parties in the rail system and consider options for appropriate governance for greater integration and better alignment (refer recommendation B8). An MROM review could also consider some of the other recommendations of the rapid review including:

COMMERCIAL IN CONFIDENCE

- Developing a unified set of system objectives for planning and delivering the desired levels of service.
- An enhanced role for Waka Kotahi (refer recommendation A10 “*That Waka Kotahi strengthens its independent verifier role in relation to funding of all KiwiRail's below rail metro services functions, with reference to benchmarking outcomes as required*”).

30 We note that Waka Kotahi is already in the process of enhancing its role, but there remains an open question as to whether more should be done, or if this role needs to be further codified.

31 We would also look to use the MROM review as an opportunity to make sure MROM, where appropriate, is consistent with the new Sustainable Public Transport Framework (SPTF).

s 9(2)(f)(iv)

32

s 9(2)(g)(i)

33

s 9(2)(f)(iv)

Next steps

- 34 The reviewers have expressed desire for an opportunity to brief Ministers once you have digested the review findings and recommendations. We sought your agreement to meet with them in the previous briefing to the Minister of Transport (OC230554).
- 35 We will work with other parties to develop a better picture of the implementation of the review recommendations and report back to you in due course. Subject to your agreement, we will also work with them to develop a potential scope of an MROM review.

ANNEX ONE: RAPID REVIEW INTO KIWIRAIL'S HANDLING OF RECENT DISRUPTIONS – FINAL REPORT

Annex 1 is refused under Section 18(d) as the final report is available on the Ministry website: <https://www.transport.govt.nz/assets/Uploads/TERMS-OF-REFERENCE-RAPID-REVIEW-OF-KIWIRAILS-HANDLING-OF-RECENT-DISRUPTIONS-TO-PASSENGERS.pdf>

Annex 2 is withheld in full under Section 9(2)(f)(iv).

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982



6 July 2023

OC230587

Hon David Parker

Action required by:

Minister of Transport

Monday, 17 July 2023

RESHAPING STREETS - STREET LAYOUTS RULE

Purpose

To provide you with the attached Land Transport Rule: Street Layouts 2023 (**Street Layouts Rule**), which we recommend you make under the *Land Transport Act 1998* (**LTA**).

Key points

- The Reshaping Streets package contains policies designed to reduce the administrative cost of making street changes and to facilitate councils making street changes that support public transport, active travel, and placemaking. The Cabinet Economic Development Committee (**DEV**) approved these policies on 22 May 2023.
- To give effect to these policies, you need to make a new Land Transport Rule under section 152 of the LTA – specifically the Street Layouts Rule.
- The Street Layouts Rule will enable certain road controlling authorities (**RCAs**) to:
 - pilot (trial) street changes as a form of consultation
 - use new types of traffic control, including modal filters and School Streets
 - allow for the creation of Community Street events.
- The LTA requires you to have regard to certain factors when making a rule. This briefing outlines how the Street Layouts Rule has been developed in accordance with statutory and other requirements, and the matters that you must consider under the LTA when exercising your power to make rules.
- The Street Layouts Rule is attached for your signature. To enable this new rule to come into force before the election, we recommend you sign it by 19 July 2023. The signed rule can then be notified in the *New Zealand Gazette* on 24 July so that it can come into force 28 days later, on 21 August. We are liaising with your office on a press release for you to announce the new rule before it is gazetted.
- Other proposals agreed by DEV will be implemented through the Government Rounding Powers Amendment Bill. s 9(2)(f)(iv)

Recommendations

We recommend you:

- | | | |
|---|--|----------|
| 1 | sign the attached copy of the Land Transport Rule: Street Layouts 2023 | Yes / No |
| 2 | authorise Waka Kotahi New Zealand Transport Agency to notify the making of the Land Transport Rule: Street Layouts 2023 in the <i>New Zealand Gazette</i> | Yes / No |
| 3 | authorise the laying of the Land Transport Rule: Street Layouts 2023 before the House of Representatives. | Yes / No |



Jessica Ranger
Manager, Placemaking and Urban
Development

06 / 07 / 23

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Jessica Ranger, Manager, Placemaking and Urban Development, Ministry of Transport	s 9(2)(a)	
Nick Potter, Principal Adviser, Placemaking and Urban Development, Ministry of Transport		✓
Andrew Challis, Senior Solicitor, Ministry of Transport		For any legal queries

RESHAPING STREETS - STREET LAYOUTS RULE

Background

- 1 The Reshaping Streets package contains proposals designed to reduce the administrative cost of making street changes and facilitate councils making street changes that support public transport, active travel and placemaking. The Government committed to consider this package in the Emissions Reduction Plan (**ERP**).¹ DEV approved the policies behind Reshaping Streets on 22 May 2023 [DEV-23-MIN-0086 refers].
- 2 The first step to give effect to these policies is by making an ordinary rule under the LTA: the Street Layout Rule. This must be signed by you to come into law. A copy for your signature is attached to this briefing.
- 3 The Street Layouts Rule will give certain RCAs (particularly local authorities) the ability to:
 - 3.1.1 pilot (trial) street changes as a form of consultation
 - 3.1.2 use new types of traffic control, including modal filters and School Streets²
 - 3.1.3 allow for the creation of Community Street events.³
- 4 It will not be mandatory for RCAs to implement any street changes because of these proposals.
- 5 To give effect to the remaining policies of Reshaping Streets agreed by DEV in DEV-23-MIN-0086, the next step will be the Government Roadway Powers Amendment Bill (**the Bill**). This will primarily amend the *Government Roadway Powers Act 1989* and the *Local Government Act 1974* (**LGA 1974**). The Bill will:
 - 5.1 make changes in primary legislation to support the use of pilots and the new types of traffic control
 - 5.2 consolidate the existing processes for closing roads for events into a single, more flexible process (based on that of Community Streets),
 - 5.3 make the process for creating pedestrian malls more consistent with those of other forms of traffic control
 - 5.4 simplify the process for creating transport shelters (e.g. bus shelters, as opposed to bus stops)
 - 5.5 strengthen and clarify requirements around Limited Access Roads

¹ Action 10.1.2D in the ERP included a commitment to 'Consider regulatory changes to make it simpler and quicker to make street changes.'

² 'School Streets' involve imposing restrictions on motorised traffic outside schools during school drop-off and pick-up times, sometimes permitting only residents' vehicles.

³ 'Community Streets' are short-term short-duration road closures for children to play on the roadway.

- 5.6 shift transport provisions from the LGA 1974 into transport-administered legislation, including the *Government Rounding Powers Act 1989*.

6

s 9(2)(f)(iv)

Information for you to consider before signing the Street Layouts Rule

As Minister of Transport, you have legal authority to make Land Transport Rules

- 7 The LTA provides you, as the Minister, the ability to make, amend, or revoke an ordinary rule for matters such as safety, technical requirements and standards, and any other matter contemplated by the Act.
- 8 Particularly relevant for the Street Layouts Rule is section 157(1)(a) of the LTA. This section allows rules to be made to “regulate the use of roads, and empower road controlling authorities to control, restrict, and prohibit traffic, and to close roads in specified circumstances or on specified occasions, in accordance with the rules”.

In order for you to make a rule under the LTA, public notification and consultation must have taken place

- 9 Public notification and consultation for Reshaping Streets ran from 9 August 2022 to 19 September 2022. There were 898 submissions from a variety of stakeholders including councils, industry organisations, and members of the public. Consultation included three webinars for the public, RCAs (largely councils), and accessibility groups (including disability groups).

Legal matters for your specific consideration

- 10 Section 164(2) of the LTA requires you to have regard to and give such weight as you consider appropriate in each case to a number of matters when deciding to make a rule. You must consider these matters yourself and may not delegate this obligation to anyone else. The matters are set out in the table on the following pages, together with Te Manatū Waka Ministry of Transport (**the Ministry**) advice on these (incorporating advice received from Waka Kotahi).

Matter to be considered	Advice
<p>Section 164(2)(a)</p> <p>The level of risk existing to land transport safety in each proposed activity or service</p>	<p>The proposed Street Layouts Rule may have an indirect positive impact on land transport safety. Street changes facilitated by the rule, including reduced speeds, reduced vehicle traffic, and reallocation of road space may particularly benefit the safety of people walking and cycling.</p>
<p>Section 164(2)(b)</p> <p>The nature of the particular activity or service for which the rule is being established</p>	<p>The proposed Street Layouts Rule is intended to facilitate use of public road space for purposes other than the movement and storage of private motor vehicles. It will support alternative consultation processes, provide new traffic control powers, and an interim process to facilitate small-scale events on quiet streets. All decisions under the Street Layouts Rule will remain subject to the requirements for decision making by local authorities in the <i>Local Government Act 2002</i> (LGA 2002).</p>
<p>Section 164(2)(c)</p> <p>The level of risk existing to land transport safety in NZ in general</p> <p>and</p> <p>Section 164(2)(d)</p> <p>The need to maintain and improve land transport safety and security, including (but not limited to) personal security</p>	<p>The proposed Street Layouts Rule may have an indirect positive impact on land transport safety generally. Street changes facilitated by the rule may include lower speed limits and traffic calming measures to reduce speeds, as well as installation of measures that ensure mode separation of people travelling by foot, bike, and motor vehicles.</p>
<p>Section 164(2)(da)(i)</p> <p>the appropriate management of infrastructure, including (but not limited to) the impact of vehicles on infrastructure</p> <p>and</p> <p>Section 164(2)(da)(ii)</p> <p>the appropriate management of infrastructure, including (but not limited to) whether the costs of the use of the infrastructure are greater than the economic value generated by its use</p>	<p>The proposed Street Layouts Rule may have an indirect positive impact on the appropriate management of infrastructure. Street changes facilitated by the rule, including reduced speeds, reduced vehicle traffic, and reallocation of road space may help to reduce the wear on infrastructure from vehicles. These changes may also increase the capacity of roads for moving people, by enabling more people to travel by space-efficient forms of transport such as buses, bicycles, and by foot.</p>
<p>Section 164(2)(e)(i)</p> <p>Whether the proposed rule assists economic development</p>	<p>The proposed Street Layouts Rule is not expected to have a direct effect on economic development. However, there may be an indirect influence on the economy. Some business may be affected by reduced on-street parking, but evidence overseas has also shown that improved walkability can result in increased foot traffic and customer spending. Street changes and events facilitated by the rule may have an impact on freight transport. Street changes could slow freight transport in some areas or, by reducing overall traffic volumes, help to manage congestion and make freight journeys more reliable.</p>

Matter to be considered	Advice
<p>Section 164(2)(e)(ii)</p> <p>Whether the proposed rule improves access and mobility</p>	<p>The proposed Street Layouts Rule may indirectly support improved access and mobility. Street changes facilitated by the rule would make it easier for people to access places by public transport and active modes. Evidence shows that public transport and active travel networks can be effective for managing traffic congestion as they are very space-efficient transport modes. This will assist with maintaining/improving access by a variety of modes.</p>
<p>Section 164(2)(e)(iii)</p> <p>Whether the proposed rule promotes and protects public health</p>	<p>The proposed Street Layouts Rule may indirectly influence the protection and promotion of public health. Street changes and events facilitated by the rule may result in more active travel and thereby physical activity.</p>
<p>Section 164(2)(e)(iv)</p> <p>Whether the proposed rule ensures environmental sustainability</p>	<p>The proposed Street Layouts Rule may have an indirect positive impact on environmental sustainability. Street changes facilitated by the rule would make it easier for people to access places by public transport and active modes. This in turn may drive transport mode shifts, reducing car use and therefore vehicle emissions.</p>
<p>Section 164(2)(ea)</p> <p>The costs of implementing measures for which the rule is being proposed</p>	<p>The proposed Street Layouts Rule will not have any direct financial impacts. The rule provides new tools for RCAs to manage road use but it is optional for RCAs to apply the new tools and therefore incur costs. Associated costs will be at the expense of the local authority making street changes.</p>
<p>Section 164(2)(6e)</p> <p>New Zealand's international obligations concerning land transport safety</p> <p>and</p> <p>Section 164(2)(f)</p> <p>The international circumstances in respect of land transport safety</p>	<p>The proposed Street Layouts Rule may have an impact on New Zealand's international obligations, more specifically with the United Nation's Convention on the rights of persons with disabilities. It will facilitate street changes that help to enable persons with disabilities to live independently and participate fully in all aspects of life, such as wider footpaths and cycleways, which will help to remove cycles from footpaths. However, reduced vehicle access will need to be managed carefully to ensure that disabled people who rely on private motor vehicles can still access services, workplaces, and other amenities.</p>
<p>Section 164(2)(g)</p> <p>Such other matters as you consider appropriate in the circumstances</p>	<p>Under section 5ZN of the <i>Climate Change Response Act 2002</i>, in exercising your public function to make rules you may, if you think fit, take into account—</p> <ul style="list-style-type: none"> (a) the 2050 target; or (b) an emissions budget; or (c) an emissions reduction plan. <p>The Reshaping Streets regulatory changes are part of the ERP under action 10.1.2.D: "to consider regulatory changes to make it simpler and quicker to make street changes."</p>

- 11 Ordinary rules are secondary legislation and are disallowable instruments for the purposes of the *Legislation Act 2019*. Under section 114 of that Act, they must also be laid before the House of Representatives in accordance with the House's rules and practice. Current House rules and practice require this instrument to be presented to the House not later than the sixteenth sitting day after the day on which they were made.

Regulations Review Committee

- 12 Drafts of the Street Layouts Rule have not been referred to the Regulations Review Committee (**the Committee**) under Standing Order 326(2).
- 13 We do not consider there to be any grounds for the Committee to draw the Amendment Rule to the attention of the House under Standing Order 327(2). However, we cannot discount the Committee taking an interest in the Street Layouts Rule, given that it covers similar subject matter to that provided for in primary legislation.

Compliance

- 14 The Street Layouts Rule is consistent with:
- 14.1 the principles of Te Tiriti o Waitangi
 - 14.2 advice from the Treaty Provisions Officials Group on any Treaty of Waitangi provisions
 - 14.3 the rights and freedoms contained in the *New Zealand Bill of Rights Act 1990* and the *Human Rights Act 1993*
 - 14.4 the principles and guidelines set out in the *Privacy Act 2020*
 - 14.5 relevant international obligations
 - 14.6 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

Other legislative implications

- 15 The Street Layouts Rule will make consequential amendments to Land Transport Rule: Traffic Control Devices 2004 and Land Transport Rule: Setting of Speed Limits 2022.

Publicity

- 16 Subject to your signing the Street Layouts Rule, Waka Kotahi will notify the making of the Street Layouts Rule in the Gazette. Waka Kotahi and the Ministry will publicise the rule in its publications and on their websites.

Timeline and next steps

- 17 We are liaising with your office on a press release for you to announce the new Street Layouts Rule in the week ending 21 July 2023.
- 18 Once you have signed the Street Layouts Rule, Waka Kotahi will organise publication in the *New Zealand Gazette* on 24 July 2023.
- 19 The rule will then come into force 28 days after gazettal, as outlined in the following timeline.

Stage	Timeline
Consider this briefing and sign rule	12-17 July 2023
Notify Waka Kotahi to lodge <i>Gazette</i> notice	Wednesday 19 July
Publicly announce the new rule	TBC in the week ending 21 July 2023
Gazetting the new rule	Monday 24 July 2023
New rule comes into force	Monday 21 August 2023

s 9(2)(f)(iv)

Annex 1: Land Transport Rule: Street Layouts 2023

Annex 1 is refused under section 18(d).

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

11 July 2023

OC230590

Hon David Parker
Minister of Transport

Action required by:
Monday, 24 July 2023

cc Hon Kiri Allan
Associate Minister of Transport

WAKA KOTAHI NZTA PERFORMANCE: 2022/23 YEAR-TO-DATE

Purpose

To provide you with a performance assessment of Waka Kotahi NZTA (Waka Kotahi / the Agency) during the 2022/23 year-to-date, and its key risks and issues.

Key points

- Waka Kotahi is on track to achieve most of its 2022/23 Statement of Performance Expectations' targets.
- However, the Agency is facing increasing pressure, including cost and time pressures across the portfolio of capital projects. Resourcing remains a critical issue, given high demand for people, plant and materials coupled with ongoing constraints in the labour market supply chain.
- The storm events at the start of 2022 have adversely impacted maintenance and renewals programmes across the country and exacerbated the Agency's strategic risks.
- Of the 13 key strategic risks identified by Waka Kotahi, four of these are currently categorised as extreme: sustainable funding; health, safety and wellbeing; failure of critical infrastructure; and cyber and information security.

Recommendations

We recommend you:

- note the significant progress made by Waka Kotahi during the 2022/23 year-to-date, but that project and Statement of Performance Expectations targets are under increasing pressure – most notably from recent storm damage to the road network

Yes / No

- note the key strategic risks facing the Agency, including the growing 'extreme' risk that it has inadequate funding to meet future commitments and stakeholder expectations.

Yes / No



Harriet Shelton
Manager, Governance

11 / 07 / 2023

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:☐ Approved☐ Declined☐ Seen by Minister☐ Not seen by Minister☐ Overtaken by events**Comments****Contacts**

Name	Telephone	First contact
Harriet Shelton, Manager - Governance	s 9(2)(a)	✓
Chris Jones, Principal Advisor - Governance		
Marcus Schutenko, Senior Advisor - Governance		

WAKA KOTAHI NZTA PERFORMANCE: 2022/23 YEAR-TO-DATE

Background

- 1 The Waka Kotahi 2022/23 Statement of Performance Expectations (SPE) is an important public accountability document which includes targets and deliverables for the Agency in the financial year ending 30 June 2023.
- 2 This briefing takes an exceptions-based approach to the Agency's performance, compared with 2022/23 SPE targets. Therefore, the primary focus is on those activities and projects/programmes that are currently off-track and unlikely to be achieved by year-end. It also highlights the Agency's key strategic risks and challenges, which will influence future performance.
- 3 This briefing draws upon many inputs, including the Agency's quarter three (Q3) 2022/23 performance report to March 2023; and takes account of more recent developments. The Agency's 2022/23 Annual Report will provide a final record of Waka Kotahi's performance against the targets outlined in its 2022/23 SPE, but this is unlikely to be available until November 2023. This briefing provides an early heads-up about Waka Kotahi's 2022/23 performance.

Waka Kotahi is facing a number of complex issues and risks in a challenging environment

Significant activities are mostly on track for completion by year-end...

- 4 Waka Kotahi signals the completion of 15 significant activities in its 2022/23 SPE. As at the end of March 2023, Waka Kotahi assessed three as off-track but likely to be achieved by year-end, and two as off-track and unlikely to recover. The activities most at risk relate to the identification of bilingual traffic signs for consultation and completing a value for money review of Waka Kotahi's operational spend.

...but SPE measures and project targets are under pressure...

- 5 Figure 1 summarises the proportion of Waka Kotahi measures and projects that are at greatest risk of *not* being achieved in 2022/23, as assessed in September 2022, December 2022 and March 2023 (i.e. Q1, Q2 and Q3 2022/23). It indicates a significant increase in the proportion of 2022/23 SPE targets that are unlikely to be achieved by year-end.
- 6 Of particular concern is that a significant number of road safety-related measures are off-track and unlikely to be achieved by year-end.
- 7 At 2,876, the number of deaths and serious injuries (DSIs) recorded on New Zealand roads increased 11% in the 12-month period ending March 2023, compared with the 12-month period ending March 2022. While DSIs are lower than the 2018 baseline of 2,978, they are above the target of 2,418 for the year ending 30 June 2023 (consistent with the Road to Zero target of a 40% reduction in DSIs by 2030).

Figure 1: Percentage of Waka Kotahi 2022/23 SPE measures and projects off-track and unlikely to achieve year-end targets.

	Q3 2022/23	Q2 2022/23	Q1 2022/23
Strategic measures	50%	42%	25%
Output class measures	21%	14%	14%
Total measures	35%	27%	19%
NLTP projects	38%	15%	8%
NZUP projects	50%	25%	0%
Total capital projects	41%	18%	6%

- 8 Other safety-related measures that are off-track and unlikely to achieve year-end targets include the following:
- 8.1 Significant incident frequency rate (actual rate of 12.6 in Q3 2022/23, compared with a target of below 9.0 by year-end).
 - 8.2 Number of deaths and serious injuries involving a vehicle with a low safety rating (862 recorded in the 12 months ending March 2023, compared with a target of below 767 by year-end).
 - 8.3 Length of network treated with reduced speed limits (206 kilometres in the 12 months ending March 2023, compared with a target of at least 500 kilometres by year-end).
 - 8.4 Number of hours that mobile cameras are deployed¹ (44,250 hours in the 12 months ending March 2023, compared with a target of at least 80,000 hours by year-end).
- 9 The percentage of total National Land Transport Programme (NLTP) and New Zealand Upgrade Programme (NZUP) projects off-track and unlikely to meet year-end targets increased from 6% in Q1 to 18% in Q2 and 41% in Q3.
- 10 The five NLTP capital projects assessed at the end of March 2023 as off-track and unlikely to recover by year-end are: Auckland Network Optimisation, Puhoi-Warkworth, SH29 Tauriko West Enabling Works, Baypark to Bayfair Link Upgrade and Transmission Gully.
- 11 The two NZUP projects assessed at the end of March 2023 as off-track and unlikely to recover are the South Auckland Package and the Queenstown Package.
- 12 Waka Kotahi assesses the overall outlook for NZUP as 'red', reflecting programme-wide cost pressures and the risk of being unable to deliver the programme within the current funding envelope. Te Manatū Waka will continue working with the Treasury, NZUP Governance Group and Waka Kotahi to provide you with timely, high-quality

¹ Delivered by NZ Police.

advice on cost and milestone risks across the programme, and how these risks can be mitigated.

- 13 The extreme weather events that occurred during the March 2023 quarter have adversely impacted Waka Kotahi performance during 2022/23 and increases risk to the Agency's future performance.

...and faces significant risks to future performance

- 14 Waka Kotahi has identified thirteen key strategic risks – four of which are currently identified as “extreme”:

14.1 Sustainable funding

14.2 Health, safety and wellbeing

14.3 Failure of critical infrastructure

14.4 Cyber and information security

- 15 Sustainable funding: a risk that Waka Kotahi has insufficient funding to meet its commitments and stakeholder expectations. This risk is being mitigated by the land transport revenue review currently underway; but will need to be actively managed by the Board from a liquidity perspective and to minimise pre-commitments and financial pressure on the NLTP 2024-27.

- 16 Health, safety and wellbeing: Waka Kotahi is under pressure and faces a very challenging work programme over the next few years, delivering business as usual while also contributing to the recovery and rebuild of the roading network. In response, Waka Kotahi is developing a health, safety and wellbeing management framework and is reviewing the working relationship and practices between the health and safety and operational teams.

- 17 Failure of critical infrastructure: defined as the failure to protect critical infrastructure from climate change, potential sabotage, or unforeseen accidents. Waka Kotahi is rolling out risk identification and monitoring tools across all its Network Outcome Contracts to help mitigate this risk.

- 18 Cyber and information security: defined as systems or information that is unavailable, corrupted or inappropriately released. This risk rating is informed by ongoing risk assessments and work being undertaken by the Digital, Privacy and Security teams on the likelihood and consequences of systems and information becoming unavailable, corrupted or inappropriately released through cyber and information security breaches.

- 19 Waka Kotahi has a detailed work programme to identify and mitigate strategic and enterprise risks, including an internal audit programme to review internal processes and the effectiveness of governance and oversight arrangements. While the key strategic risks outlined above are unlikely to change over the short-term, the risk landscape will continue to evolve as new information becomes available.

Next steps

- 20 Please review this briefing and the Agency's Q3 2022/23 performance report and provide any feedback you may have.



11 July 2023

BRIEFING

OC230617

Hon Grant Robertson
Minister of Finance

Action required by:
Monday, 24 July 2023

Hon David Parker
Minister of Transport

Hon Damien O'Connor
Associate Minister of Transport

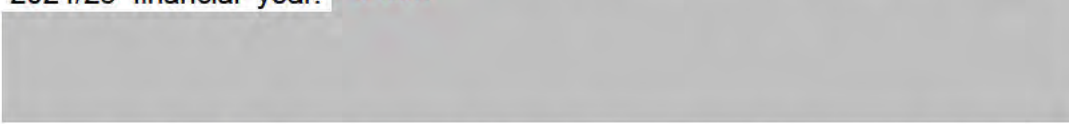
LETTERS OF COMFORT TO CIVIL AVIATION AUTHORITY AND MARITIME NEW ZEALAND

Purpose

Seeks your approval of Letters of Comfort to the Civil Aviation Authority (the Authority) and Maritime New Zealand (MNZ) Boards, in order to provide assurance that the entities can operate as a going concern for the 2024/25 financial year.

Key points

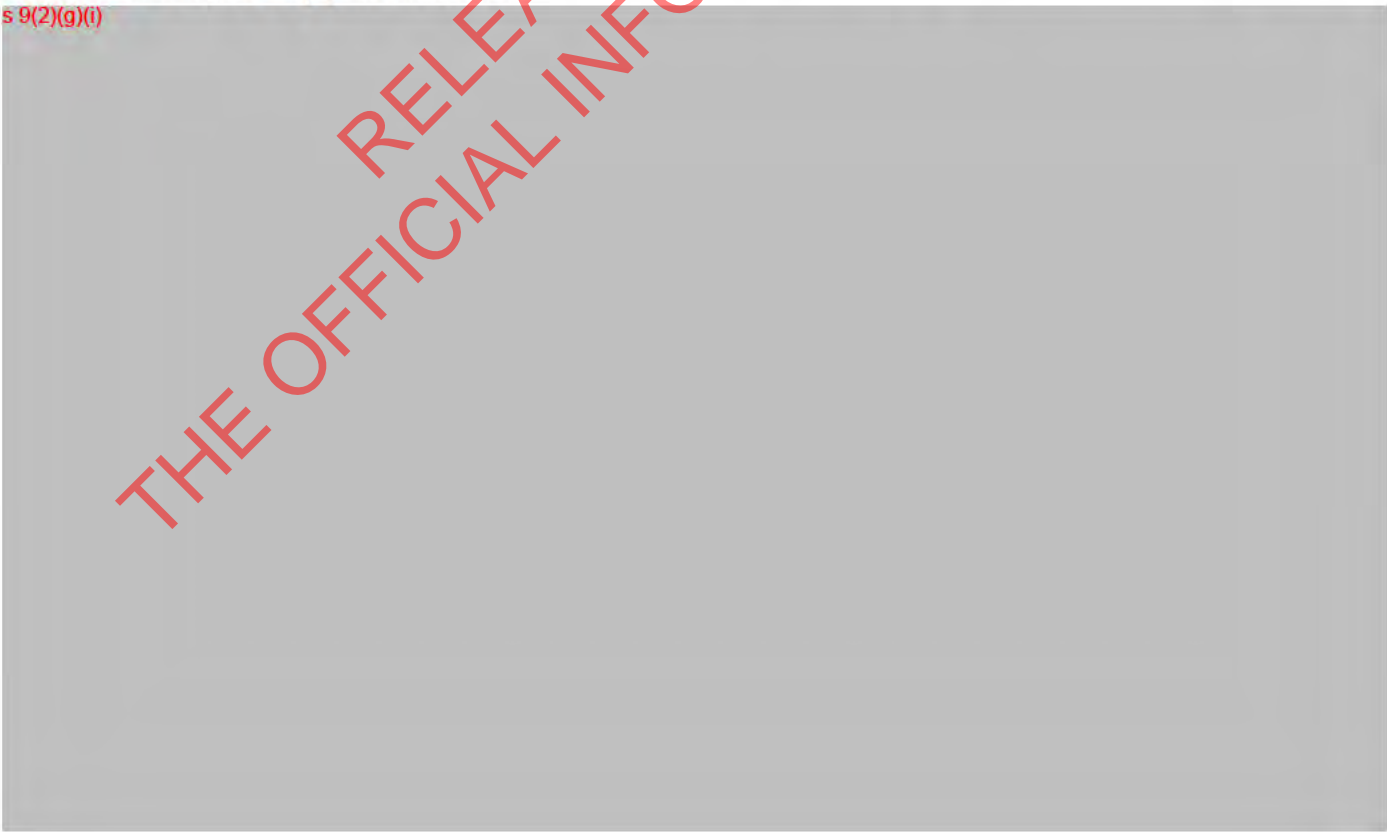
- In accordance with the financial recommendations for Budget 2023, Letters of Comfort are to be signed by the Minister of Finance, the Minister of Transport, and the Associate Minister of Transport, before being sent to the Chairs of the Authority and MNZ Boards. The detailed financial recommendations are attached as **Appendix 1**.
- On 12 June 2023, Cabinet ratified the approach agreed at Budget 2023, and the dates for completing the funding reviews – 1 July 2024 for MNZ ^{s 9(2)(g)(i)} through its consideration of Cabinet paper '*Supporting the ongoing financial sustainability of Maritime New Zealand and Civil Aviation Authority*' (CAB-23-MIN-0227.01 refers).
- Since 2021/22, Letters of Comfort (previously known as Letters of Support) have been provided to the Authority and MNZ Boards to enable the entities to operate in a financially responsible manner – as required by section 51 of the Crown Entities Act 2004.
- As the entities are dependent on Crown funding to support delivery of their core functions – until they return to cost-recovery led funding models – the Boards must endeavour to ensure that the Authority and MNZ act as successful going concerns i.e., an assumption that the entity will remain in business for the foreseeable future.
- Letters of Comfort also respond to Audit New Zealand's request for assurance that both entities will continue to operate as going concerns, and so that both entities' Annual Reports for the 2023/24 financial year may be approved.

- The 2022 Letters of Comfort enable the Authority and MNZ to be treated as going concerns until 30 June 2024.
- The draft Letters of Comfort (**attached** for your signature at **Annexes 1 and 2**) are largely consistent with last year's letters, with the exception of:
 - providing assurance that the entities will be treated as going concerns for the 2024/25 financial year. s 9(2)(g)(i)

 - a note that *the Authority* – in accordance with the financial recommendations for Budget 2023 – may use 2022/23 or 2023/24 Crown funding surplus in the 2024/25 financial year to service its core function funding requirements and/or partially restore its reserves; and
 - a note that *MNZ* – in accordance with the financial recommendations for Budget 2023 – may use 2022/23 or 2023/24 Crown funding surplus in the 2024/25 financial year to service its core function funding requirements in the event that a new cost recovery model has not come into effect by 1 July 2024.
- Te Manatū Waka has consulted the Treasury on the draft letters and this briefing. They are supportive of our approach.

Potential risks

We do not believe there is a significant risk in issuing these letters, but for completeness the table below lists any potential risks.

s 9(2)(g)(i)



Recommendation

We recommend you:

	Minister of Finance	Minister of Transport	Associate Minister of Transport
1 sign the draft Letter of Comfort for the Civil Aviation Authority Board attached at Annex 1 in accordance with the financial recommendations for Budget 2023	Yes / No	Yes / No	Yes / No
2 sign the draft Letter of Comfort for the Maritime New Zealand Board attached at Annex 2 in accordance with the financial recommendations for Budget 2023.	Yes / No	Yes / No	Yes / No

Hon Grant Robertson
Minister of Finance

.... / /

Hon David Parker
Minister of Transport

.... / /

Hon Damien O'Connor
Associate Minister of Transport

.... / /

Harriet Shelton
Manager, Governance

10 / 07 / 2023

Minister's office to complete:
(Finance)

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments:

Minister's office to complete:
(Transport)

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments:

Minister's office to complete:
(Associate Transport)

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments:

Contacts

Name	Telephone	First contact
David Wood, Deputy Chief Executive – System Performance & Governance	s 9(2)(a)	
Harriet Shelton, Manager, Governance		✓
Johnny Crawford, Senior Advisor, Governance		

Hon David Parker BCom, LLB

Attorney-General

Minister for the Environment

Minister of Revenue

Minister of Transport

Associate Minister of Finance



Janice Fredric
Chair
Civil Aviation Authority

s 9(2)(a)

Tēnā koe Janice

Letter of Comfort for the 2024/25 Financial Year

This Letter of Comfort is provided to enable the Board of the Civil Aviation Authority (the Authority) to determine whether it is appropriate for it to continue to operate on a going concern basis until 30 June 2025.

The Government acknowledges that support may be required until the Authority returns to financial sustainability and remains committed to working with the Board in its endeavour to return the Authority to financial sustainability.

s 9(2)(f)(iv)

Budget 2023 outcomes

As part of Budget 2023, Cabinet agreed to provide funding during the 2023/24 financial year to maintain the Authority's core statutory, regulatory, compliance and response functions, via an extension of the "Protection of Transport Sector Agency Core Functions" multi-year appropriation (known as the 'liquidity facility'). This funding is in addition to 2021/22 and 2022/23 surplus Crown funding made available to the Authority to service its core function funding requirements in 2023/24.

The actual liquidity facility funding provided to the Authority in 2023/24, will be the difference between forecast expenditure for its core functions and revenue forecast to be received in 2023/24. In response to the financial recommendations for Budget 2023, Transport Ministers have agreed that the Authority's expenditure in 2023/24 (the specified amount) be set at

s 9(2)(f)(iv)

We expect ongoing transparency and discipline around this financial support. The Board has a critical role in monitoring financial performance, which includes continuing to identify opportunities to find cost savings and maximise available capability to meet core statutory and regulatory commitments.

Potential for reserves restoration in 2024/25

Cabinet has also agreed that to the extent that actual revenue performs better than expected and/or costs are lower than budgeted in the 2022/23 or the 2023/24 financial years, any surplus Crown funding may be retained within Vote Transport for the following purposes

(subject to the approval of the Minister of Transport and the Associate Minister of Transport):

- to service core function funding requirements in the 2024/25 financial year;
- to enable the Authority to partially restore its reserves in the 2024/25 financial year.

We expect this letter is sufficient for the Authority to satisfy obligations under section 51 of the Crown Entities Act, to remain a going concern, and that this will enable you to formally publish your Statement of Performance Expectations.

This letter is provided for the above purposes only, it is not a guarantee or indemnity, and is not otherwise intended to create any legal liability on the part of the Crown or any other person.

Nā māua nei, nā



Hon Grant Robertson
Minister of Finance



Hon David Parker
Minister of Transport



Hon Damien O'Connor
Associate Minister of Transport

Copy to: Keith Manch, Chief Executive, Civil Aviation Authority
Audrey Sonerson, Chief Executive, Te Manatu Waka

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982



Dame Jo Brosnahan
Chair
Maritime New Zealand

s 9(2)(a)

Tēnā koe Dame Jo

Letter of Comfort for the 2024/25 Financial Year

This Letter of Comfort is provided to enable the Board of Maritime New Zealand (MNZ) to determine whether it is appropriate for it to continue to operate on a going concern basis until 30 June 2025. It is intended to cover MNZ, including the Oil Pollution Fund (OPF).

The Government acknowledges that support may be required until MNZ returns to financial sustainability and remains committed to working with the Board in its endeavour to return MNZ to financial sustainability.

We expect MNZ to work collaboratively with Te Manatū Waka to complete the current funding review by 1 July 2024 or the earliest time possible. Ministers will consider advice about any financial challenges should they arise as Te Manatū Waka continues to monitor your performance.

Budget 2023 outcomes

As part of Budget 2023, Cabinet agreed to provide funding during the 2023/24 financial year to maintain MNZ's core regulatory functions and viability; and enable the entity to meet its statutory obligations and deliver seafarer welfare services, via an extension of the "Protection of Transport Sector Agency Core Functions" multi-year appropriation (known as the 'liquidity facility'). This funding is in addition to 2021/22 and 2022/23 surplus Crown funding made available to MNZ to service its core function funding requirements in 2023/24.

The actual liquidity facility funding provided to MNZ in 2023/24, will be the difference between forecast expenditure for its core functions and revenue forecast to be received in 2023/24. In response to the financial recommendations for Budget 2023, Transport Ministers have agreed that the Authority's expenditure in 2023/24 (the specified amount) be set at s 9(2)(iv)

In the event that a new cost recovery model for MNZ has not come into effect by 1 July 2024, Cabinet has agreed that – to the extent that actual revenue performs better than expected, and/or costs are lower than budgeted in the 2022/23 or 2023/24 financial years – any surplus Crown funding may be made available to fund core functions in the 2024/25 financial year (subject to the approval of the Minister of Transport and the Associate Minister of Transport).

We expect ongoing transparency and discipline around this financial support. The Board has a critical role in monitoring financial performance which includes continuing to identify opportunities for cost savings and maximise available capability to meet core statutory and regulatory commitments.

We expect this letter is sufficient for MNZ to satisfy obligations under section 51 of the Crown Entities Act, to remain a going concern, and that this will enable you to formally publish your Statement of Performance Expectations.

This letter is provided for the above purposes only, it is not a guarantee or indemnity, and is not otherwise intended to create any legal liability on the part of the Crown or any other person.

Nā māua nei, nā



Hon Grant Robertson
Minister of Finance



Hon David Parker
Minister of Transport



Hon Damien O'Connor
Associate Minister of Transport

Copy to: Kirstie Hewlett, Chief Executive, Maritime New Zealand
Audrey Sonerson, Chief Executive, Te Manatū Waka

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982



Document 9

11 July 2023

OC230634

Hon David Parker

Action required by:

Minister of Transport

Monday, 17 July 2023

2023/24 ESTIMATES POST HEARING QUESTIONS

Purpose

To provide you with draft responses to the post-hearing Estimates questions you received from the Transport and Infrastructure Committee.

Key points

- The Ministry has previously provided the Minister of Transport with responses to the standard, supplementary and post-Budget Estimates questions.
- Draft responses are now attached for the post-hearing questions you received from the Transport and Infrastructure Committee
- Please review the responses and provide feedback to the Ministry if changes are needed.
- The Ministry will work with your Office to make any amendments.
- Once you are satisfied with the responses, please sign the attached letter and send it, along with the responses, to the Transport and Infrastructure Committee.

Recommendations

We recommend you:

- | | | |
|---|--|----------|
| | | Yes / No |
| 1 | Provide feedback if any, on the draft responses to the Post Hearing Estimates questionnaire by Monday 17 July 2023. | |
| 2 | Sign the attached letter to the Transport and Infrastructure Committee and submit the responses by 12pm Tuesday 18 July 2023. | Yes / No |



Robyn Smith
Deputy Chief Executive
11 / 7 / 2023

Hon David Parker
Minister of Transport
..... / /

Minister's office to complete:

- | | |
|--|---|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Seen by Minister | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events | |

Comments

Contacts

Name	Telephone	First contact
Robyn Smith, Deputy Chief Executive, Te Kāhui Tangata Corporate Services	s 9(2)(a)	
Megan Shields, Acting Manager, Ministerial Services		✓
Prashila Dayal, Senior Adviser, Corporate Accountability		

2023/24 ESTIMATES POST HEARING QUESTIONS

This briefing provides you with draft responses to Select Committee questions

1. The Minister of Transport has answered standard, supplementary and post budget Estimates questions for Vote Transport.
2. You received post hearing questions (332-369) on 5 July 2023, with a deadline for responses to the Committee by 12pm 18 July 2023.
3. Draft responses to questions 332-369 are attached to this briefing. We have also prepared a draft cover letter for you to send in hard copy and electronic form to:
Clerk of Committee
Transport and Infrastructure Committee
Parliament Buildings
WELLINGTON
Transport.Infrastructure@parliament.govt.nz
4. Please review the responses and provide feedback to the Ministry if changes are needed. The Ministry will work with your Office to make any amendments.

The attachment refused under Section 18(d)

Hon David Parker BCom, LLB

Attorney-General

Minister for the Environment

Minister of Revenue

Minister of Transport

Associate Minister of Finance



Jayden Blake
Clerk of Committee
Transport and Infrastructure Committee
Parliament Buildings
WELLINGTON
TI@parliament.govt.nz

Dear Jayden Blake

Responses to the 2023/24 Estimates Post Hearing Questions for Vote Transport

Attached are my responses to the post hearing questionnaire in response to the Chairperson's request of 5 July 2023.

The departmental liaison officer for Committee staff to contact is Prashila Dayal, Senior Adviser Corporate Accountability, s 9(2)(a) or email: P.dayal@transport.govt.nz.

Yours sincerely

Hon David Parker
Minister of Transport

12 July 2023

OC230599

Hon Grant Robertson
Minister of Finance

Action required by:
 Monday, 31 July 2023

Hon David Parker
Minister of Transport

CITY RAIL LINK LIMITED - CONFIRMATION OF DIRECTORS' FEES FOR 2023/24

Purpose

Seek your joint approval to set total City Rail Link Limited (CRL) directors' fees for the 2023/24 financial year at **\$328,500**.

Key points

- As set out under the Crown Company Director Fees Methodology, director fees need to be approved annually by all three CRL Shareholders:
"Responsible Ministers will, with effect from 1 July of each year, confirm the level of fees approved for the year."
- At present, the total fees approved for CRL are \$343,000 per annum. This is broken down into a fee of \$98,000 for the Chair and \$49,000 per annum each for five directors.
- With the board reducing to the Chair and four directors, shareholding agencies (Te Manatū Waka, the Treasury and Auckland Council) recommend that total fees approved for CRL be reduced to **\$328,500** for the 2023/24 financial year. This approach would:
 - maintain incumbent directors current level of ordinary fees i.e., the CRL Chair and the four directors;
 - pro-rata the ordinary fee for the fifth Director, a position which is currently vacant and may be appointed by CRL Shareholders following the 2023 General Election;
 - include a professional development budget of \$10,000 (on the recommendation of the CRL Chair) to advance the Board's capability.
- Te Manatū Waka informed CRL Chair, John Bridgman, of its recommendations and sought his view on the requirements of the Board. Mr Bridgman noted that there have not been any director fee increases since the Board's inception in 2017.
- The reforecast project cost for the CRL project has increased by ~\$1 billion; however, the responsibilities undertaken by the Board, and requirements for the project, have not materially changed. The Crown Company Director Fees Methodology considers a range of inputs when determining fees, with total revenue being one aspect. Should a change be considered, officials recommend that Shareholders consider an increase of five

percent. A five percent increase would result in the average ordinary fee being \$51,450 for the members, and \$102,900 for the Chair – an amount comparable to Auckland Transport.

- As a newer board in the Crown sector, CRLL fees are more comparable to private sector boards than many of their counterparts, but remain below the benchmark. Private sector boards, however, experience more regular fee adjustments and the comparability between rates will have increased further since CRLL's establishment.

Proposed Fees

- Shareholding agencies recommend that the ordinary fees for directors on the board of CRLL are maintained at the current levels. A breakdown of each component of the proposed **\$328,500** total fees for 2023/24 is outlined for your consideration in the table below:

Component of the proposed total fee	Notes	\$
Chair	Maintains fees at current levels.	98,000
<u>Four</u> directors		196,000
<u>Fifth</u> director	If CRLL Shareholders wish to make an appointment after the election, this fee would cover the cost of a fifth director for up to six-months i.e., pro-rata (half) of the annual director fee.	24,500
Professional development budget	\$2,000 would be available to all members of the Board (including the Chair) to advance the Board's capability. This amount is in-line with the professional development fee range that was recommended for the Auckland Light Rail Board at \$2,000 to \$4,000 for each member, and is the average amount provided to established directors.	10,000
Total		<u>328, 500</u>

- Notwithstanding the method of calculation, it remains the board's prerogative to determine the allocation of fees to individual directors. It is expected that the fees will be paid pro rata for retiring directors or any new director who joins the Board during the financial year. For the avoidance of doubt, it is expected that fees for vacant board positions will be excluded from any allocation of the pool of director fees.

Next steps to finalise the CRLL director fees for the 2023/24 financial year

- We recommend that you approve the directors' fees for 2023/24 by signing the special resolution **attached at Appendix One**.
- Once the special resolution is signed by all Shareholders, Te Manatū Waka officials will provide the Minister of Transport with a draft letter to the CRLL Chair confirming directors' fees for 2023/24 with effect from 1 July 2023

- Although it is preferable that directors' fees are approved by all CRL Shareholders before the start of a financial year, Shareholders' approval post 1 July 2023 is acceptable. As such, this briefing seeks your agreement of the fees by 31 July 2023.
- We recommend that you confirm directors' fees for 2023/24 through the letter to the CRL Chair attached at **Appendix Two**.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Recommendations

We recommend you:

	Minister of Finance	Minister of Transport
1 agree to ordinary director fees for City Rail Link Limited of \$318,500 in 2023/24, based on having four directors and a Chair for 12-months, and a fifth director for six-months	Yes / No	Yes / No
2 agree to a professional development budget of \$10,000 to advance the capability of the City Rail Link Limited Board	Yes / No	Yes / No
3 sign the attached special resolution to approve City Rail Link Limited directors' fees for 2023/24, at Appendix One .	Yes / No	Yes / No
<i>Minister of Finance only</i>	Yes / No	N.A.
4 authorise the Minister of Transport to sign the draft letter in Appendix Two on behalf of Shareholding Ministers		
<i>Minister of Transport only</i>	N.A	Yes / No
5 sign the attached letter to the CRLC Chair, Sir Brian Roche, at Appendix Two .		



Harriet Shelton
Manager, Governance
11 / 07 / 2023

Hon Grant Robertson
Minister of Finance
..... / /

Hon David Parker
Minister of Transport
..... / /

Minister's office to complete:

- | | |
|--|---|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Seen by Minister | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events | |

Comments**Contacts**

Name	Telephone	First contact
David Wood, Deputy Chief Executive, System Performance and Governance	s 9(2)(a)	
Harriet Shelton, Manager, Governance		✓

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

CITY RAIL LINK LIMITED

Special resolution approving directors' annual fees effective 1 July 2023

The Shareholders of City Rail Link Limited resolved as a special resolution in writing in accordance with section 122 of the Companies Act 1993:

To approve:

- directors' fees of \$318,000 per annum based on an ordinary unit rate of \$49,000 per annum per director, with the Chair receiving twice the ordinary unit rate; and
- a professional development budget of \$10,000 for the 2023/24 financial year.

These fees are effective until next reviewed.

Dated:

Signed:

Please note that the special resolution contains an error, the amount intended to be approved was \$328,500. This will be remedied if necessary.

Minister of Transport

Minister of Finance

Auckland Council

John Bridgman
Chair, City Rail Link Limited

s 9(2)(a)

Dear John

City Rail Link Limited – Confirmation of Directors' fees for 2023/24

The purpose of this letter is to inform you of the approval by shareholding Ministers and Auckland Council of directors' fees for City Rail Link Limited (CRL) for 2023/24. This approval is based on the current director fee rates set under the Crown Company Director Fees Methodology.

The level approved is \$328,000, based on the Board comprising up to six members – a Chair and (potentially) five directors. The ordinary fees are based on a unit rate for directors of \$49,000 per annum.

CRL Board Fees – 2023/24

Ordinary fees	Amount (\$)
Chair	98,000
Four directors	196,000
Fifth director	24,500
Professional development budget	10,000
Total fees	328,500

Notwithstanding the method of calculation, it remains the Board's prerogative to determine the allocation of fees to individual directors. It is expected that the fees will be paid pro rata for retiring directors or any new director who joins the Board during the financial year. For the avoidance of doubt, it is expected that fees for vacant board positions will be excluded from any allocation of the pool of director fees.

All fees, and any other payment, or reimbursement to directors, should be paid in accordance with the *Directors' Fees, Payments and Related Policies* annexed to the Owner's Expectations Manual (available on the Treasury website).

Yours sincerely

Hon David Parker
Minister of Transport
on behalf of shareholding Ministers

cc Hon Grant Robertson, Minister of Finance
Jim Stabback, Chief Executive, Auckland Council
Dr Sean Sweeney, Chief Executive, City Rail Link Limited
Audrey Sonerson, Chief Executive, Te Manatū Waka | Ministry of Transport

12 July 2023

OC230621

Hon David Parker**Action:****Minister of Transport**

Consider alongside OC230574

UPDATE ON ROAD TO ZERO

Purpose

To update you on Road to Zero, New Zealand's road safety strategy, including implications of potential funding allocations through the draft Government Policy Statement on land transport 2024.

Key points

- You are currently considering the timing of Draft GPS 2024 release and its content. The advice in this paper should accompany your consideration of the most recent Draft GPS, provided to you on 27 June 2023 (OC230574 refers).
- Too many people die or are seriously injured on our roads. The current death rate per capital on New Zealand roads is more than twice that of the better performing Australian states (New South Wales and Victoria), and more than three times the better performing countries in Europe. To address this level of trauma, New Zealand's Road to Zero strategy targets a 40 percent reduction in deaths and serious injuries (DSI) on our roads (from 2018 levels) by 2030.
- Road to Zero is based on the Safe System approach, which is regarded internationally as the best-practice approach to road safety. Modelling points to the need to deliver evidence-based interventions at a scale and pace that strengthens all elements of the road safety system – roads, speeds, vehicles and road users – so that if one fails, other parts will still protect people in the event of a crash.
- The Government Policy Statement on land transport (GPS) 2021 established a dedicated Road to Zero activity class to prioritise investment to activities that deliver the targeted 40 percent DSI reduction. Over the first three years of delivering Road to Zero there has been considerable work and investment across five focus areas - infrastructure and speed, vehicle safety, work-related road safety, road user choices and system management. Covid-19 has slowed progress on some key initiatives, but momentum is now building across the programme.
- The key interventions needed to reach our DSI reduction target include transformational infrastructure improvements, targeted speed changes on the parts of the road network that offer the greatest benefit, increased levels of enforcement (both by safety cameras and Police officers), supported by updated levels of fines and penalties, and improved safety performance of the vehicle fleet. These interventions

(plus other supporting interventions) come at an estimated cost of around \$1 billion per year over the course of the 10-year Road to Zero strategy.

- Current pressures on the National Land Transport Fund mean this level of funding for safety improvements will not be possible over the next Government Policy Statement on land transport (GPS 2024).
- As you finalise activity class funding levels we can provide further advice on the implications of achieving the 40 percent reduction in DSI by 2030. Irrespective of the funding levels, we recommend:
 - **The retention of a road safety activity class.** Prior to the Road to Zero activity class, expenditure on safety infrastructure was often a by-product or secondary objective of projects that prioritised other outcomes. The lack of transparent, targeted and sufficient spend on safety was one of the key reasons the previous road safety strategy failed to deliver.
 - **The road safety activity class delivers infrastructure improvements, road policing, automated enforcement, road safety promotion and system management, and behaviour changes to improve safety outcomes.** In our GPS advice of 27 June 2023 (OC230574), the draft GPS 2024 reduced funding in the safety activity class and noted safety infrastructure spending could be delivered through the State Highway and Local Road Improvements activity classes. We recommend retaining the ability to deliver targeted safety infrastructure improvements on the highest risk parts of the roading network (e.g. median barriers) within the road safety activity class, noting that safety improvements can still occur through the state highway and local road improvement activity classes. As noted above, this differentiation is critical to ensure targeted safety investments are funded and implemented.
 - **Hypothecating funding from traffic infringements into the road safety activity class.** This will provide around \$100 million per annum to reinvest into activities that improve road safety (including infrastructure improvements).



Bryan Sherritt
Director Road to Zero
12 / 07 / 2023



Helen White
Manager, Mobility and Safety
12 / 07 / 2023

Hon David Parker
Minister of Transport
..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments**Contacts**

Name	Telephone	First contact
Bryan Sherritt, Director, Road to Zero	s 9(2)(a)	✓
Helen White, Manager, Mobility & Safety		

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

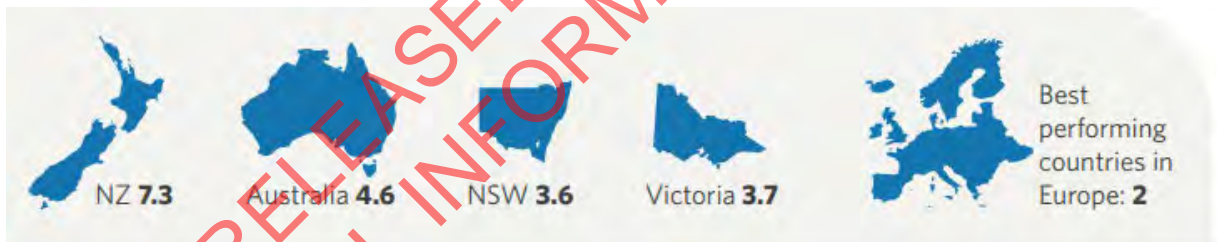
UPDATE ON ROAD TO ZERO

New Zealand's road safety problem, and how we are addressing it

Road to Zero is New Zealand's plan to reduce road trauma

- 1 Released in late 2019, New Zealand's road safety strategy, Road to Zero, is based on a vision of Aotearoa New Zealand where no one is killed or seriously injured in road crashes. Underpinning this vision is the ethical notion that it is unacceptable that people die on our roads. As a step towards achieving the vision, Road to Zero sets a realistic and achievable target for reducing deaths and serious injuries (DSI) on our roads by 40 percent (from 2018 levels) by 2030.
- 2 The current death rate per capita on New Zealand roads is more than twice that of the better performing Australian states and more than three times the better performing countries in Europe (see Figure 1). Provisional figures for 2022 show that 377 people lost their lives in road crashes, with many more suffering permanent life changing injuries. Māori experience higher rates of death and serious injuries than the general population. This overall level of road trauma related death and serious injury, which is preventable, has a permanent and profound impact on families, whānau, communities, and the economy (representing a social cost in the order of \$8 billion annually).

Figure 1: Road deaths per 100,000 inhabitants (2022)



Road to Zero is based on an international best-practice approach to road safety

- 3 Most crashes are not caused by people deliberately breaking the law, but rather the result of a momentary lapse or error in judgement. Even well-trained, experienced drivers and riders make mistakes, and research shows that human mistakes are a causal factor in 70 percent of all serious crashes. The strategy is based on the internationally accepted best practice Safe System approach to road safety which acknowledges that people are vulnerable, in that there is a limited amount of force that the human body can withstand in a crash before death and serious injury is the result. People are also fallible, in that they make mistakes, or make poor choices on the road, but these mistakes or poor choices should not result in loss of life or serious injury.
- 4 A Safe System means improving the safety of all parts of the system – roads and roadsides, speeds, vehicles and road use – so that if one part fails, other parts will still protect the people involved.
- 5 Also important to the Safe System approach is that it recognises that the responsibility for safety is shared amongst those who lead, fund, design, build, manage and use the road transport system, as well as those who enforce the rules.

Evidence and modelling outlines the key interventions and scale of implementation needed to achieve the 40 percent target

- 6 The 40 percent DSI reduction target was derived from modelling a combination of evidence-based interventions that are delivered at scale and pace. We need all the elements of the system to be strengthened. Progressing some elements and not others will not achieve the road safety outcomes we seek to achieve. Many of the elements are interrelated, and the whole is greater than the sum of the parts.
- 7 The following table shows the contribution from various road safety initiatives to achieving the 40 percent reduction in DSI by 2030, based on our modelling:

Initiative	Percentage contribution to DSI reduction target
Infrastructure improvements (such as median barriers and intersection treatments) and targeted speed limit changes on the highest risk parts of the network	46%
Increased levels of enforcement (both by safety cameras and Police officers), supported by updated levels of fines and penalties	28%
Lifting the safety performance of the vehicle fleet, and a combination of other improvements (for example, through increased use of court-imposed alcohol interlocks for impaired drivers)	26%

The attached guide to Road to Zero provides more information and context about our approach to reducing the harm caused on our roads

- 8 The attached guide to Road to Zero provides more about the size of our road safety problem, our approach to road safety under Road to Zero, and the safe system interventions that contribute to reducing deaths and serious injuries on our roads. We developed the guide specifically for Ministers.

These interventions will require dedicated investment in road safety over the next decade

- 9 At the time Road to Zero was released, we estimated that delivering these key interventions would require increasing our investment in road safety over the next decade by about 25 percent, from about \$800 million per year to about \$1 billion per year. This level of investment is reflected in the Government Policy Statement on land transport (GPS) 2021 and allocations made through the National Land Transport Fund (NLTF).
- 10 GPS 2021 established a dedicated Road to Zero activity class to prioritise measures needed to achieve the targeted 40 percent reduction in DSI. These measures include targeted transformational safety infrastructure improvements on the roads that are the highest risk in terms of DSI, delivered over the 10 years of the strategy. The safety improvements include median barriers, side barriers, rumble strips and intersection improvements such as roundabouts and raised platform treatments. These treatments have a proven track record of significantly reducing the rate of death and serious injury, both internationally and in New Zealand.
- 11 Previously, spending on safety infrastructure was often a by-product or secondary objective of projects that prioritised other outcomes, that didn't have the same DSI

reduction outcomes as targeted infrastructure improvements. The lack of transparent, targeted and sufficient spend on safety was one of the key reasons the previous road safety strategy failed to deliver and why the Road to Zero activity class was established.

Safety is a strategic priority in the draft GPS 2024, but given funding pressures across the NLTF funding for targeted safety interventions may be reduced

- 12 You are aware that the NLTF is under significant pressure due to a number of factors including historic deferral of maintenance, increasing severity and frequency of extreme weather events, workforce pressures, and inflation. Work is underway to finalise the draft GPS 2024 to respond to these factors and your priorities.

From a road safety perspective, we support a dedicated road safety activity class that allocates hypothecated traffic infringement fees into safety projects

- 13 The draft GPS 2024 proposes to hypothecate traffic infringement fees (estimated at \$100 million per annum) into road safety initiatives. We support this outcome, as unsafe and illegal behaviours increase road safety risk, and infringement fees from people caught engaging in these behaviours directed at road safety improvements can, in turn, reduce the road safety risk for all. Ring-fencing infringement fees to be reinvested to safety improvements, particularly infrastructure improvements, can also help build public support for the infringement fee system, as it is less likely to be perceived as a revenue raising tool.
- 14 In our advice of 27 June 2023 (OC230574), the draft GPS 2024 reduced funding in the safety activity class and noted safety infrastructure spending could be delivered through the State Highway and Local Road Improvements activity classes. In the next draft GPS iteration, we propose to maintain the flexibility contained in GPS 2021 to enable the ability for safety investment through the improvement programme but also retain the delivery of safety specific interventions through the road safety activity class. This will ensure the State Highway and Local Road Improvements activity classes can focus on increasing the reliability and resilience of critical parts of the network that are essential for moving people and freight, and safety improvements are targeting the highest risk parts of the roading network. It will also support improved monitoring of safety infrastructure spending and will enable it to be clearly shown that hypothecated funding is being used for targeted road safety infrastructure.

There will be limited opportunities to reduce DSI through maintenance improvements

- 15 There is significant pressure for increased spending on maintenance through the State Highway and Local Road Maintenance activity classes. The draft GPS 2024 reallocated approximately \$1 billion over 3 years from the Road Safety activity class to road maintenance activity classes. Additional investment in maintenance will not make a meaningful contribution towards the 40 percent DSI reduction target and ultimately will not be able to achieve the same levels of DSI reduction as investment in targeted safety treatments. The 40 percent target adopted by Road to Zero was developed in 2018/19 and incorporated baseline projections that reflected historic levels of maintenance and road network levels of service at the time.
- 16 In 2019, Waka Kotahi commissioned a research report on the effects of maintenance on road safety. The study established a clear link between crash risk and certain road conditions. This applies in particular to skid resistance and road roughness, and to a

lesser extent to texture depth and patch frequency. The most cost-effective maintenance effort would be in skid resistance with a weaker or non-proven relationship associated with other areas of maintenance.

- 17 The report explored the potential benefits of an increased skid resistance programme and found that \$13 million per annum and \$30 million per annum could deliver DSI savings of between 35 and 66 per annum. However, the report also indicated that the cost effectiveness of higher levels of expenditure drops away very quickly beyond those amounts.
- 18 Since the report, through GPS 2021 there has been an increase in investment levels for maintenance which means that some of this additional benefit would likely already be achieved. There is also a level of impracticality associated with investing at higher amounts as there is a limit to how many and how often skid resistance sites can be maintained without compromising pavement integrity and requiring more expensive rehabilitation.

Next steps

- 19 We are awaiting your feedback on the Draft GPS version provided 27 June 2023 (OC230574 refers) and direction on the timing of GPS release. The advice in this paper should accompany your consideration of the most recent Draft GPS, provided to you on 27 June 2023 (OC230574 refers).

A guide to Road to Zero

May 2023

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982





A guide to Road to Zero

This guide to Road to Zero provides a summary of New Zealand's approach to reducing the harm caused on our roads.

It will outline where we are currently at and how we measure up against similar countries.

This guide includes real world case studies that show how the various actions are improving road safety and reducing that harm that people experience.

Also included is a guide on how to talk about road safety, as well as a summary of the key messages that can be used to highlight that work.

Contents

The size of our road safety problem	4
Key road safety statistics	4
How New Zealand stacks up	6
The \$7.7 billion road safety problem	8
What are the social costs	9
Improving road safety out comes for Māori	10
Our plan to reduce road trauma	11
New Zealand's approach to road safety – Road to Zero	11
The safe system approach	12
What does zero actually mean?	13
Key Road to Zero outcomes	14
What we're actually doing	16
Infrastructure: Median barriers update	16
Current speed work	18
Safety cameras	20
Road policing delivery	22
Vehicle safety	24
Work related road safety	26
Working with regional communities and councils	27
Lets talk about speed	28
Case studies from across New Zealand	30
Key messages and elevator pitch	34
Common questions	36
The road safety partners	38
Glossary	39

The size of our road safety problem

Key road safety statistics

The trauma faced on our roads is felt by families, whanau, communities, and wider society, many years after a crash.

In 2021, 318 people died on our roads.



25

Pedestrians



73

Passengers



7

Cyclists

20%

The combination of driver alcohol/drugs and speed contributes to 20% of fatal crashes

122



died and **507** people were seriously injured in crashes that involved speeding. The outcome of 100% of crashes is directly related to the speed of the crash, even if the speed limit wasn't being broken

128



people died and **258** people were seriously injured in crashes where drugs or alcohol was a contributing factor.

10



people died and **136** people were seriously injured in cases where a driver was distracted from the job of driving.

Case Study

The human impact of road trauma as told by Tony Smith,
St John Medical Director

This is Sarah's story

A sporting and academically talented teenager Sarah (not her real name), was driving home from sports practice one night when an oncoming car slightly crossed the centre line when its driver was distracted texting, causing Sarah to swerve.

Her evasive action caused the car to skid off the rural road and crash into a tree, with the driver's side taking the force of the impact.

Sarah suffered severe brain injuries, bruising and bleeding to both lungs, extensive injuries to her ribs, liver, spleen and pelvis.

Fire crews used the jaws of life to extricate her from the car and she required blood resuscitation at the scene. She was then flown by air ambulance to hospital, where upon arrival she required immediate surgery to stem bleeding from her liver and spleen.

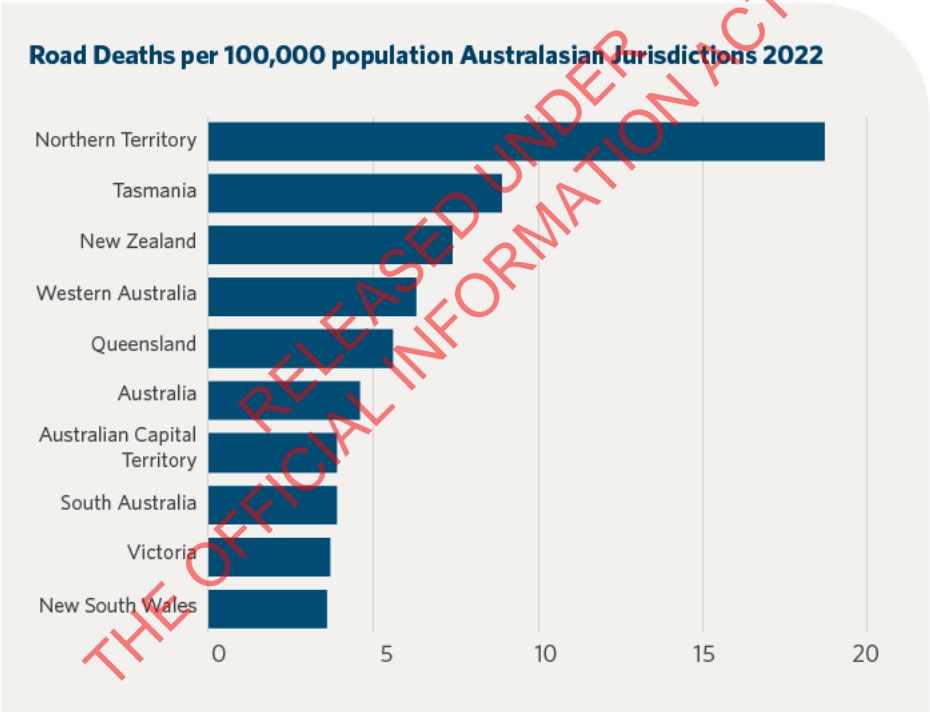
Over the next week Sarah continued to have life threatening lung failure and severe swelling of her the brain, both requiring complex intensive care therapies. Then as Sarah began to improve, she developed a severe infection that further threatened her life.

Finally, after several weeks of intensive care, further testing showed that the extent of Sarah's brain injury was such that the only likely outcomes for her were being left with permanent severe life-long brain damage, or death.

Sarah went on to die. Her death, and its tragic circumstances, devastated her family, wide circle of friends, teachers and many others in her community, and continues to leave a yearning hole in the hearts of those who loved her.

How New Zealand stacks up

Australasia: Road deaths per 100,000 inhabitants (2022)



Source: Bureau of Infrastructure and Transport Research Economics (BITRE), 2023, Road Trauma Australia 2022 statistical summary, BITRE, Canberra ACT. Pg.29

Globally: Road deaths per 100,000 inhabitants (2021)

This is how we stack up against other countries in 2021



Source: International Traffic Safety Data and Analysis Group (IRTAD) Road Safety Annual Report 2021 and Transport Accident Commission (TAC) Road Safety quarterly statistics 2022.

There is now confirmation that the 2022 figure for New Zealand road fatalities per 100,000 inhabitants was 7.3.

The \$7.7 billion road safety problem

The harm caused on our roads is devastating for families, whanau, and communities all across New Zealand.

It also costs us as a country. In the twelve months between September 2021 and October 2022, 348 people died with a social cost to New Zealand of \$7.7 billion. And this only accounts for death and serious injury, not minor injuries. The true social cost to New Zealand is bigger. It's worth noting, the more people who die or are injured on our roads, the more it'll cost us.

Reducing the harm on our roads lowers the social cost of road fatalities.

How is this calculated?

Social costs measures the total cost of road crashes to New Zealand, including loss of life and life quality, loss of productivity, medical, legal, court and vehicle damage costs.

The social costs of death and injuries on our roads

Cost component	Description
Value of Statistical Life (VOSL)	Proxy for suffering, grief and disability (for lower severities) based on the estimated amount people were willing to pay to reduce road crashes by one
Health system costs	Resources spent on emergency and follow-up care services
Legal system costs	Investigations, court and imprisonment costs
Vehicle damage costs	Loss of vehicle and damage repairs
Productivity costs	Loss of productive time due to recovery (for serious and minor injuries only)

What are the social costs?

The social costs to New Zealand of road trauma are (based on 2022 modelling and research):

Road death	Road serious injury	Road minor injury
\$13.4 million	\$1.3 million	\$240,600

The total social cost to New Zealand is based on road trauma for the 12 month period between October 2021 and September 2022, where 348 people died and 2,317 people were seriously injured.

This equals \$7.7 billion of social costs to New Zealand



Improving road safety outcomes for Māori

In May 2023, cabinet approved the Road to Zero Action Plan 2023-2025, a successor to the original plan which included the development of He Pūrongo Whakahaumaru Huarahi Mō Ngā Iwi Māori, a research report on Māori road safety outcomes. The report confirmed that Māori are over-represented in serious road crashes. Māori experience higher rates of death and serious injuries than the general population. The delivery of He Pūrongo was a key milestone and baseline to achieving better road safety outcomes for Māori, by Māori, something the second plan intends to advance.

This includes a commitment to continue to engage and build relationships to better understand context, undertake further research, and partner with Māori to support them to design and implement initiatives to improve road safety outcomes for Māori.

We will continue to look for opportunities to collaborate with other government agencies that are working with Māori (mana whenua and mātāwaka) to leverage resources and learnings that can contribute to Māori-centric road safety and wellbeing initiatives.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Our plan to reduce road trauma

New Zealand's approach to road safety – Road to Zero



There are a lot of views about which action is the right action to take to reduce the harm on our roads. Some people believe it's all about infrastructure and safer vehicles. Some believe it's all about driver training and education. Some people believe it's all about speed.

It's actually all of this. To make a real difference, all aspects of the transport system need to be looked at and changes made across the board. Road to Zero takes all of this into account

Road to Zero is our national road safety strategy that sets us on a path towards an Aotearoa New Zealand where no one is killed or seriously injured on our roads, supported by an ambitious but achievable target to reduce deaths and serious injuries (DSIs) by 40% by 2030 (compared to 2018).

The Safe System approach

Road to Zero is underpinned by the “Safe System” international best-practice approach to road safety, which accepts that humans are vulnerable and we make mistakes.

Preventing deaths and serious injuries is about more than just how we drive – it is about how all the various parts of the system work together to protect people from serious harm.

We need to invest in safer infrastructure, get people into safer vehicles which protect them in a crash, ensure speed limits are safe for each road, and enforce and promote behaviours that ensure safe, sober drivers who wear their seatbelts and focus on the task of driving.

The principles that underpin the safe system approach are:



What does Zero mean in Road to Zero?

We have zero tolerance that death and serious injury is the price that we must pay to simply use New Zealand Roads.

Zero is the only number we should accept. We shouldn't plan a transport system where we are happy that 50 people, 100 people, 200 people die each year.

We don't accept that people should die when flying, so why do we accept it for our roads?

So zero is absolutely the number we aspire to.

Road to Zero is a **human centred** strategy based on the safe system approach to road safety.

Road to Zero recognises that **Humans are fallible** - in that we make mistakes, and make poor choices

It also recognises that **Humans are vulnerable** - in that there is a finite amount of force that the human body can withstand in a crash before death and serious injury is the result.

The system must be designed and operated such that humans are protected - this means all parts of the system operating together.

The focus of Road to Zero is the ultimate elimination of death and serious injury due to road trauma. It is about reducing as much as we can the likelihood of crashes that result in Death and Serious Injury. By 2030, the targeted objective is a 40% reduction in deaths and serious injuries.

Importantly it is about managing the consequence of all crashes such that we have every chance of zero death and serious injuries

RELEASED UNDER FOIA 1982
THE OFFICIAL INFORMATION ACT

Key Road to Zero outcomes



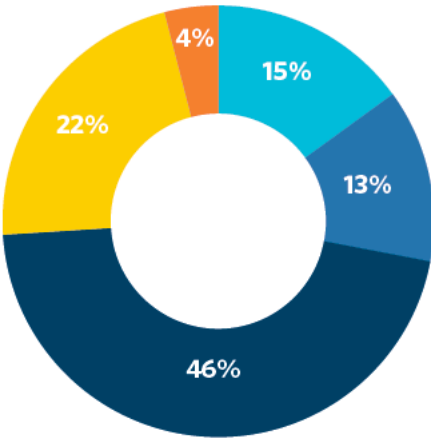
The contribution the focus areas make towards the 40% reduction target

Taking a system approach means that progress in many focus areas will make a big difference to the harm we experience on our roads.

Road Safety partners have done modelling to see how much of an impact each area will make. Modelling is reviewed on a regular basis.

The 40% reduction target was derived from modelling the best combination of interventions at the right scale required to deliver a reduction in deaths and serious injuries over the ten years to 2030. A small number of key interventions deliver the reduction.

This pie graph models the percentage contribution required from various road safety factors to achieve the 40% reduction in DSI by 2030.



- Road Policing (RSPP)
- Safety Camera Programme
- Speed and Infrastructure Programme
- Vehicle safety: (1 & 2 star vehicles removal and motorcycle ABS)
- Alcolocks

Key Road to Zero outcomes

Road to Zero has strong focus on interventions that have been proven to work. The challenge in New Zealand is to implement these interventions at the scale and pace that will be necessary to achieve the target of a 40% reduction in DSI by 2030.

As outlined in the Road to Zero Action Plan, the most significant DSI reducing safe system interventions from Road to Zero are:

- Infrastructure – at least 1000 km of flexible median barriers, more than 1300 intersections upgraded with primary safe system treatments such as roundabouts and raised platforms.
- Speed limits – speed management applied to at least 10,000 km of the highest risk roads on the network to align speed limits with safe and appropriate speeds.
- Safety Cameras – 700 - 800 new safety cameras (including point to point cameras) to lower average network speeds (including updated levels of fines and penalties).
- Enforcement – increase levels of enforcement from 2018/19 levels, particularly for restraints, impairment, distraction, and speed (including updated levels of fines and penalties).
- Vehicle Safety – substantially improve vehicle safety standards via a revised regulatory framework along with practical progress on modern safety features an increasing exit of less-safe vehicles.

What we are actually doing

Infrastructure: Median barriers update

A key road safety intervention is the increasing introduction of median barriers, below is the upcoming proposed programme of work for this vital piece of roading infrastructure.

As the lead road safety management agency, Waka Kotahi is installing median barriers on high-risk roads across Aotearoa to prevent head on collisions, save lives and reduce serious injuries.

Its changing how we plan and manage projects to increase and meet a target ranging (due to the impact of this year's weather events) from 170km to 220km of median barrier on state highways by mid-2024. We plan to refine our procurement and delivery approach and simplify how we engage with market contractors.

Under Road to Zero, there's approximately 100km of median barrier currently on state highways, and 40km of median barrier either in or about to begin construction shortly. New projects will cover an additional 30-80km of median barrier to meet an overall target of between 170km and 220km operational or in construction by mid-2024.

Waka Kotahi has released a list of potential sections of state highway where we might install median barriers through the Government Electronic Tender Service, starting with major projects in the central North Island and lower South Island. This is part of a supplier shortlisting process for projects to be completed in the 2023/2024 summer construction season.

As part of the prioritisation process, beyond the higher levels of traffic and collective safety risk, and mindful of the needs of its road safety partners, Waka Kotahi is considering sections of state highway that are lower complexity in construction and that have alignment with existing maintenance works programmes.



**A key road safety
intervention is
the increasing
introduction of
median barriers**

Current speed work

Waka Kotahi is responsible for reviewing and setting speed limits on state highways, while local councils review and set speed limits on local roads.

State highways

On our state highways, we are progressing work to tackle unsafe speeds. The proposed changes to speed limits are carefully targeted. We're proposing to lower speed limits on 552km of state highways at 444 locations across New Zealand, including on 125km of highways outside 269 schools and 11 marae. That represents about 4% of the total 11,000km state highway network.

Following the Government's announcement in March regarding policy changes to speed management, we are reviewing the Interim State Highway Speed Management Plan to successfully give effect to Cabinet's recommendations to focus on the top one percent of most dangerous state highways, and those sections supported by the community.

The Road Safety Team at Waka Kotahi have developed a framework to identify this top one percent. This interpretation is based on locations with the highest crash density (the highest number of deaths and serious injuries per kilometre), road environment risk (for

example, the road's alignment, width, and any known hazards) together with the current operating speeds.

A strict interpretation of the one percent would result in speed limits starting and stopping at some locations in ways that wouldn't make sense to people driving or provide route consistency. So to reach the above final activity, we've also considered how people use the road in their journeys, and what makes sense in the surrounding environment.

Our main focus in the plan continues to be safe speeds for schools/kura, marae, townships and intersection speed zones.

While this directive impacts the speed management contribution to Road to Zero targets, we remain fully committed to achieving significant DSI reduction in the long term. With a Safe System approach, we will continue looking the range of safety interventions that work together to reduce the number of people being killed and seriously injured on our roads.

Our next step is to submit our final plan for certification by the Director of Land Transport. We anticipate certification in 2023.

Our main focus in the plan continues to be safe speeds for schools/kura, marae, townships and intersection speed zones.



Local roads

Local councils (through their local Road Controlling Authority) are required to develop a speed management plan every three years. Given that most roads in New Zealand are under local control, the work that is happening at the local level will make a massive difference across New Zealand.

Councils across the country are already making good progress, either consulting or having already made changes to speeds in their town, city or region. This includes Wellington City Council, Hutt City Council, Auckland Council, and Rotorua Council, amongst others.

Safety Cameras

Introducing new safety camera technology will translate into lives saved by reducing speeds and enforcing safer driver behaviour.

The Safety Camera System Programme (SCSP) has been gaining momentum over the last quarter, with key activities completed to support the ongoing expansion of the national safety camera network across the motu.

At the end of March 2023 (Q3), the programme team completed a key stage goal through successful prototype testing of new safety camera technology and the Safety Camera Management System (SCMS) in a controlled environment at the Masterton Motorplex.

Four stage goals form a part of the programmes' overall delivery approach, introduced at the end of 2022. This approach focuses on adding value by driving the expansion of the safety camera network, and progressively building operational capability within Waka Kotahi to manage and operate the safety camera system in Aotearoa New Zealand. This approach also supports the programme to iteratively improve delivery and operations through agile design (build and test) and will ensure that the system is fully established and ready to transition existing cameras from NZ Police starting from mid-2024.

Stage 1 success

Stage 1 required a new safety camera prototype to be set up, taking images of passing vehicles and sending them through to a connected SCMS. The test results demonstrated a reliable connection between the camera hardware and the management system, with the successful transfer of data from the cameras to the system.

The safety cameras were also tested through a variety of scenarios, including the use of different types of vehicles and environmental conditions.



RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Road Policing delivery

Police continues to partner with Waka Kotahi and Te Manatū Waka Ministry of Transport to meet shared road safety commitments under the Road Safety Partnership Programme (RSPP), which supports Road to Zero.

We have made commitments to road safety through the RSPP 2021-2024 and continue to focus road policing activity on the high-risk behaviours of not wearing restraints, driving impaired or distracted, and speed.

Police is progressing a range of initiatives to improve prevention and enforcement activity and support the delivery of Road to Zero and the RSPP. We launched our Safe Roads Control Strategy in December 2021, which provides Police with an overarching framework to achieve our goal of Safe Roads by working closely with our partners to prevent deaths and injuries on New Zealand roads. Police's contribution to Road to Zero is particularly important now with 377 deaths on our roads (provisional figure) in 2022 - the highest number for many years.

Supporting the delivery of road policing, Police have:

- developed the Road Safety Deployment Dashboard, which was rolled out to all districts in late 2022. The dashboard better informs road safety deployment across districts using activity-based evidence and applying general deterrence principles.
- commenced Operation Open Roads in December 2020 - a nation-wide operation aiming to align deployment of resources to where risk of trauma occurs (between 70-80 percent of trauma occurring on our open, undivided roads), ultimately delivering improved outcomes. The Deployment Dashboard will be used during this operation to inform deployment and assess the impact of enforcement.

In addition, Police have also:

- worked to develop a Safe Roads Operating Model, which works alongside Our Business and the Safe Roads Control Strategy, linking to the Road to Zero and the RSPP, and will be principles-based. This will be finalised in 2023 and launched for Police to use.
- started an Activity Based Costing (ABC) review that will support development of an appropriation model that more accurately identifies what it costs to deliver road policing activity. This work is the first step to better understand the link between the funding, activities and resourcing that supports road policing delivery. An initial review has been completed and is currently being considered against wider fiscal considerations.

Police continues to partner with Waka Kotahi and Te Manatū Waka Ministry of Transport to meet shared road safety commitments



Vehicle Safety

Aotearoa New Zealand has high number of unsafe vehicles - 1.65 million have a 1 or 2-star safety rating (approximately 40% of our light vehicles).

Improving this is a key focus area as people are twice as likely to die or be seriously injured in a crash in a 1-star safety rated vehicle then in a 5-star vehicle. That is because safer vehicles help drivers avoid crashes and better protect occupants and other road users when crashes do happen.

Rapid advances in safety features and technology mean vehicles continue to get safer and cleaner, and while most vehicles coming into New Zealand have good safety features, not all do. We also import many used vehicles that vary greatly in their safety performance. We provide a growing amount of data to support good consumer choices, yet many New Zealanders don't know about the role their car's safety plays in their chances of having or surviving a crash or even the safety rating of their vehicles (and therefore the level of risk, they, their whanau and others are at.

If you want people to drive safe and clean vehicles, they need reliable, understandable and accessible information about which vehicles to choose. The vehicle fleet also has a significant role in mitigating the effects of climate change and reducing air pollution, so it is important environmental ratings are promoted alongside safety.

In February the Rightcar website was updated to enable vehicle owners and prospective buyers to view the latest safety ratings for the light vehicle fleet and additional crash avoidance features data too. It coincided with the completion of an annual survey, amongst other things, showed only half of surveyed drivers know the star safety rating of their vehicle, though typically those who do, drive a 4 or 5 star car.

Initiatives to further enhance vehicle safety include active promotion active promotion of safer vehicle choices for corporate fleets and plans for a multi-platform campaign to encourage drivers away from one and two star-rated vehicles

In addition, Waka Kotahi is working with the Ministry of Transport and the motor vehicle industry to lift standards of vehicles in/ entering our fleet, with consultation on some proposed change expected to progress this year.



Initiatives from the Road to Zero Action Plan 2023-25 which seek to meet the objective of improving the safety performance of the vehicle fleet include:

- Raising the safety standards of vehicles entering New Zealand via improving the broader regulatory approach to vehicle standards for lighter vehicles, by looking at how vehicle standards and rules are set, reviewed and updated in line with relevant international standards
- Raising the safety standards of vehicles currently in the fleet by investigating options to exit 1 and 2 star safety-rated vehicles from the existing fleet and improving the safety of heavy vehicles.
- Examine the Warrant of Fitness and Certificate of Fitness systems and whether they need updating, for example to account for changes in vehicle safety features. Investigate opportunities to improve current testing procedures, including electronic scanning tools and other improvements in vehicle maintenance and testing.

Work Related Road Safety

About 25 percent of the deaths on our roads involve someone driving for work, whether as a commercial driver or as a secondary part of their main role. Fatigue, distraction and vehicle safety are important issues. Vehicle mass and size play a role in some work-related crashes due to generally larger work vehicle sizes and proximity to vulnerable road users, including those travelling on foot, bike or motorcycle, in urban areas

Under the Health and Safety at Work Act 2015, businesses must ensure the safety and health of their workers and must manage the risks to the health and safety of others. This includes the risks arising from driving for work. Commercial transport operators also have specific obligations under the Land Transport Act 1998 and associated rules, such as maximum worktimes. Ensuring businesses and other organisations take their responsibilities for work-related road safety seriously can significantly reduce harm, both to their workers and to other road users. Designating Waka Kotahi to take on Health and Safety at Work functions could provide greater coordination and leadership of work-related road safety.

We want to ensure businesses and other organisations have access to best practice information for safety standards and technologies that help support their staff to travel safely and help meet the objective of ensuring that businesses and other organisations treat road safety as a critical health and safety issue by:

- Strengthening work-related transport regulation by completing the review of work-time requirements under the Land Transport Act 1998, look at the potential to mandate the use of e-logbooks to improve auditing and enforcement of time limits, and examine the future of transport technology to address safety risks while driving for work.
- Support best practice for work-related road safety by investigating the establishment of a system-based collaborative harm prevention approach for work-related activity on the road, involving Waka Kotahi, WorkSafe, ACC, New Zealand Police, industry and union representatives. This will lead to evidence-based, best-practice interventions that target known road safety and compliance risks in the sector.

Working with regional communities and councils

Road safety agencies work in partnership with local government to deliver transport projects and programmes that make it safer, simpler and more sustainable for people and products to move around New Zealand. We also work closely with people and organisations affected by our work, and in partnership with local governments, we engage with communities about the risks on our roads and work together to find solutions.

With 90% of New Zealand roads being local roads under the control of local government road controlling authorities, these are vital relationships.

Let's talk about speed Op-Ed by Bryan Sherritt

First published December 2022

Speed might not cause every crash, but speed determines the outcome in every single crash we see on our roads.

Speed determines whether people get home to their family, visit their friends and go to work, or end up in hospital with lifelong injuries. Or worse.

Good speed management is a fundamental pillar of the 'safe system' approach to road safety, which is recognised internationally as the most effective way to reduce deaths and serious injuries. Looking at the speeds that we have across our network, and making sure they are safe and appropriate, will significantly reduce the harm and trauma we see on our roads.

The energy in a crash

Many people will be familiar with the amount of energy in collisions on the rugby field as we watch our sporting icons battle it out each week. We can see that these collisions can cause big injuries, including concussions. If a simple game of rugby can cause potentially lifelong brain injuries, imagine what damage can be done when you increase the amount of energy hundreds of times.

This is what it's like when you crash.

Small changes in speed equate to big changes in the amount of energy in a crash. If you are travelling at 100 km/h and increase your speed to 110km/h, a 10% increase in speed, you increase the energy in your vehicle by 21%. Lowering the speed lowers the energy that your body must absorb in a crash.

Crash types

The way speed or energy impacts on the human body in a crash depends on the type of crash. Cars these days must have seat belts, the front of cars are designed to collapse and absorb energy in a collision, and most cars have airbags. This means that the forces on your body when you have a front-on crash into another car or a tree are survivable if the impact

In a t-bone intersection crash less of these energy absorbing features come in to play and collision speeds above 50km/h are likely to be fatal for the occupants of the vehicle being hit.

For vulnerable road users, particularly pedestrians or cyclists who have none of the protection afforded by a car, collisions with impact speeds above 30km/h are likely to be fatal.

Infrastructure can't replace Speed Management

The safe system approach of Road to Zero means looking across the board to make changes that'll reduce harm and road infrastructure plays a key role in preventing crashes.

The installation of median barriers prevent head on crashes. Roundabouts and raised platforms at signalised intersections mean that impact speeds in intersection crashes are lower. Separated cycling and pedestrian facilities provide protection for all people on or by the road.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Case studies from across New Zealand

The Safe System in action

State Highway 59, Centennial Highway Lower North Island



Last year's opening of Transmission Gully, north of Wellington, which re-directed the main volume of traffic away from the Kapiti coastline, is just the latest roading initiative to make this ribbon of road immeasurably safer.

In the preceding 15 years, flexible median barriers, safer speed limits, improved signs and markings were just some of the interventions installed on the former State Highway 1 (SH1) Centennial Highway to reduce the number of people being killed and seriously injured on this road.

Following Wellington's coastline north to the Kāpiti Coast, the Centennial Highway was a treacherous piece of road that over 11 years saw 17 people killed and 15 seriously injured.

To reduce the number of people being killed and seriously injured on this road, a 3.5km flexible median barrier was installed along two sections from north of Pukerua Bay to just south of Paekākāriki. Alongside new median barriers, the speed limit was lowered from 100km/h to 80km/h to improve safety. Each time the barriers are damaged, a serious crash or a potential head on collision has been avoided.

Since these improvements were made, no one has been killed on the road and there was a significant reduction in serious injuries.



SH6

Blenheim to Nelson

State Highway 6 is a key route for locals, tourists, businesses and agriculture, along with freight travelling between Nelson, Blenheim and Picton. It's also a commuter, cyclist and tourist route. There are several different roadside environments extending in a 110km corridor from Blenheim to Nelson with a range of speed limits varying between 50 km/h and 100 km/h.

Between 2009 and 2018 it had the reputation of a high-risk rural highway where, 20 people died and 92 were seriously injured in crashes on this stretch of road. Nineteen of these deaths, and 87 of the serious injuries were on the 100 km/h sections of SH6.

Many of these crashes involved loss of control, with drivers running off the road and hitting roadside objects such as trees and power poles. There have also been head-on crashes on this highway, and some that occurred at intersections.

Following the engagement and consultation with communities during October 2019, it was decided to reduce the existing 100 km/h limits to 80 km/h in places, introduce new 90 km/h speed limits on appropriate sections, and introduce two new variable school speed zones. Three existing advisory school speed zones on the route remained unchanged. The new speed limits took effect on 18 December 2020.

Speed limit changes on SH6 Blenheim to Nelson have reduced DSIs by approximately 80% in the first two years post-implementation whilst the average journey time has increased by about 4 minutes over the 110 km length i.e. 2 seconds per kilometre.

Coach & Tiplady Road roundabout South Canterbury



The intersection of Winchester-Geraldine Road with Tiplady, McKenzie, and Coach Roads has long been a serious safety concern for Timaru District Council (TDC).

The intersection lies on the main route linking Winchester and Geraldine, known as Route 72 that was a former state highway, providing a shortcut between SH1 and SH79.

Being an unconventional five-armed layout with straight, rural high-speed approaches, the risk of a crash at the site has been significant. Over the past decade, eight crashes were recorded, three of them resulting in serious injuries to five people. Numerous near misses had also been reported by the community, and the intersection was known to be dangerous.

In 2021, Waka Kotahi partnered with Timaru Council to workshop what safety improvements could be installed to reduce risk on the road. This resulted in the \$2 million rural roundabout being installed – a safe system intervention that will save lives and improve journey reliability.

The immediate benefit from the project is a safer transport environment. This has been predicted to be at least a 60% reduction in the likelihood of crashes resulting in death or serious injury.

Anglesea and Bryce Street intersection

Hamilton



In 2019, Hamilton City Council invested \$1.5 million to upgrade the Anglesea and Bryce Street intersection with a proven safety intervention known as a raised safety platform. The busy transport and business hub has thousands of road users everyday and to help keep everyone safe, HCC saw value in upgrading the intersection to reflect best practice Safe System principles.

The safety treatment will reduce the number of people killed or seriously injured between 25% and 40%.

This project was the first to be funded and delivered under a new framework that put the safety of people before efficacy or travel time. This project won the council the 2021 TRAFINZ Safety Leadership Award.

Key messages and elevator pitch

Elevator pitch

- It's time we stopped accepting that death and serious injury is just the price we pay for moving around.
- We are taking action – Road to Zero is our plan to build the safest road system we can.
- A systems approach is needed, where we improve all parts of the system. That means safer roads and roadsides, safer vehicles, safer road users, safer speeds and more enforcement.
- This is a long term strategy and we are absolutely committed to reducing the harm that our country faces on our roads.
- People being killed and seriously injured on our roads is preventable.
- Road to Zero is our plan to build the safest road system we can, and work towards zero deaths and serious injuries on Aotearoa New Zealand roads.
- Road to Zero accepts that humans are vulnerable, and we make mistakes. The changes we're making under Road to Zero are so that people aren't killed or seriously injured when they do make mistakes.
- Improving road safety also improves our health and wellbeing, and supports connected, liveable places for our communities. We want people to feel safe to ride bikes and let our tamariki walk to school.

Key messages

- On average, one person is killed everyday on New Zealand roads, and another seven are seriously injured. Any death or serious injury is unacceptable.
- It is time we stopped accepting that a certain amount of death and serious injury is just the price we all pay for moving around. We need to move past the whole idea of a 'road toll' paid in human lives.
- Road to Zero is a long-term strategy, with an initial target for 2030 of a 40% reduction in deaths and serious injuries, compared to 2018 levels. We are only in the early stages of implementing the changes we need to make to significantly reduce deaths and serious injuries.

It's time we stopped accepting that death and serious injury is just the price we pay for moving around.

- Road to Zero is underpinned by the need to improve the safety of all parts of the land transport system. That means safer roads and roadsides, safer vehicles, safer driver behaviour and safer speeds.
- People being killed and seriously injured on our roads is preventable - drink or drug driving, not wearing a seatbelt, excess speed, distraction, dangerous driving remain the lead contributors of harm on our road.

It will take time to see a sustained reduction in deaths and serious injuries. While some interventions, such as installing a median barrier, have immediate benefits, other actions, such as influencing people to buy safer vehicles, will take more time before we see a meaningful change.



Common questions

Why are we slowing people down when it's unproductive to our economy?

- Traveling at speeds that are above safe and appropriate levels is a contributory factor in around 70% of death and serious injury crashes in New Zealand.
- People often undervalue this huge social cost to New Zealand society, and our we often have an overinflated value of the productivity gains of higher speed.
- The cost of road trauma significantly outweighs any productivity gains of travelling at higher speeds.
- This is due to the high cost of road trauma (see pages 8-9 and glossary) the fact that lower speeds equate to lower running costs (fuel etc) and lower vehicle maintenance costs and lower emissions.
- So not only are lower speeds safer, they also have operating and environmental benefits

Why are you focusing on speed instead of infrastructure?

- While infrastructure is important, it is expensive and takes time and resources to install it in the right places. We won't be able to have this lifesaving infrastructure across the entire roading network.
- Speed management is something that we can do now while we get on with the job of building safety improvements on the highest risk parts of the road network. Zero road deaths is impossible – this is just spin?
- Zero is the only number we should accept. We shouldn't plan a transport system where we are happy that 50 people, 100 people, 200 people die each year.
- We don't accept that people should die when flying, so why do we accept it for our roads?
- So zero is absolutely the number we aspire to. We have a target to reduce deaths and serious injuries on our roads by 40% by 2030. This is our target, and this has not changed.

What can people do?

- It's easy and doesn't require any special training or skill. Wear a seatbelt. Don't drink and drive. Don't drive fatigued. Put the distractions away. Slow down.
- These are things every single driver can do.



RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

The road safety partners

The road safety partners, committed to delivering Road to Zero, are:



TE MANATŪ WAKA
MINISTRY OF TRANSPORT



WAKA KOTAHI
NZ TRANSPORT
AGENCY



**NEW ZEALAND
POLICE**
Ngā Pirihimana o Aotearoa



**He Kōupare. He Manaaki.
He Whakaora.**
prevention. care. recovery.



WORKSAFE
NEW ZEALAND | MAHI HAUMARU
AOTEAROA



MANATU HAUORA

The road safety partners work together on delivering on the actions in Road to Zero. They also have a vital role in providing governance and ensuring accountability.

The governance structures for Road to Zero include a DCE and CE's group, with representatives from all road safety partners who work together to keep agencies focused on the actions that will deliver results.

Glossary of key terms

Term	Definition
Road to Zero	Road Safety Strategy with a target to reduce deaths on New Zealand roads by 40% by 2030
Vision Zero	The overall aspiration to see zero deaths and serious injuries on our roads by 2050, in line with similar campaigns in places like Sweden, New York and Victoria, Australia
Safe System	An approach underpinned by the realisation that humans make mistakes and we need to design for human vulnerability, acknowledging we all have a part to play improving road safety and in that way strengthen all parts of the road transport system
DSIs	Deaths and Serious Injuries
Focus areas	The Road to Zero strategy consists of five core focus areas. Infrastructure improvements and speed management, vehicle safety, work-related road safety, road user choices and system management
System management	Provides over arching support to the other focus areas, while aiming to strengthen road safety leadership and governance, improve coordination and collaboration at all levels, ensure decision makers have access to sound data and a strong evidence base via robust monitoring and evaluation.
Social cost	A measurement of the total cost of road crashes to New Zealand, including loss of life and life quality, loss of productivity, medical, legal, court and vehicle damage costs.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982



Document 12

13 July 2023

OC230516

Hon David Parker

Action required by:

Minister of Transport

Wednesday, 26 July 2023

DEVELOPING THE TRANSPORT CONTENT FOR THE SECOND EMISSIONS REDUCTION PLAN (ERP2) – INITIAL STRATEGIC CONSIDERATIONS

Purpose

The Climate Response Ministers Group (CRMG) will be asked to make decisions about the strategic direction, ambition, and approach to delivering the second Emissions Reduction Plan (ERP2) at its next meeting on 26 July 2023. This briefing provides initial strategic advice about key transport considerations for the development of ERP2 and informs your participation at the CRMG meeting. It also addresses key transport considerations from the Climate Change Commission's recent draft advice to inform the strategic direction of ERP2 and outlines Te Manatū Waka Ministry of Transport's (the Ministry's) planned approach to develop the transport components of the ERP2 discussion paper for Ministers by December 2023.

Key points

- On 26 July CRMG Ministers will consider a paper from the Minister for Climate Change seeking decisions about the strategic priorities and overall approach for developing ERP2. The Ministry agrees with the objective to ensure that ERP2 is more strategic and impactful than the first plan (ERP1). ^{s 9(2)(g)(i)}
- The size of the abatement task for ERP2 to meet budget is considerable. The emissions reductions expected, particularly from transport, are significantly more ambitious than for the first and will require commitment to and funding of significantly more actions across the four focus areas identified (reducing reliance on cars, rapidly adopting low-emissions vehicles, decarbonising heavy transport and freight, and cross-cutting measures). We consider that this should be explicitly surfaced as part of the discussion at CRMG, along with a realistic discussion about the financial resource and political leadership needed to achieve these goals through a holistic approach.
- The Climate Change Commission (the Commission) released its draft advice to inform the strategic direction of ERP2 on 26 April 2023. This highlights risks from the lack of clarity on the balance between gross greenhouse gas emissions and removals (extraction and storage of greenhouse gas emissions from the atmosphere), and,

specifically in relation to transport, highlights the need to remove implementation barriers, and increase funding for a comprehensive range of actions. The Commission is now considering public submissions and will release its final advice by the end of 2023. The Ministry broadly agrees with the Commission's draft advice, and in particular the emphasis on the scale of the challenge, the need for collaboration across sectors, and the need to focus simultaneously on actions to deliver the second emissions budget and actions to prepare for the third emissions budget and planning period (ERP3) and beyond.

- Ministers at CRMG may wish to consider the Commission's draft advice and note that given the significant jump in abatement through both ERP2 and ERP3 it may no longer be possible to single out parts of the system to achieve abatement targets. The Ministry considers that whilst the second and third emissions budgets through ERP2 and ERP3 are achievable, a more coherent and holistic plan will be required where it is easier to prioritise actions and differentiate between critical and non-critical actions.
- Meeting transport's expected contribution to the emissions budget for the second budget period, delivering against other strategic objectives for the transport system, and realising the co-benefits expected in the ERP is possible.
s 9(2)(g)(i)
- Along with Waka Kotahi and other agencies, the Ministry is implementing the transport actions from ERP1 and planning our approach for ERP2. This includes identifying lessons learned from ERP1, analysing projected future emissions against planned abatements, and assessing the size of the task for ERP2, and developing a prioritisation methodology. We intend to identify, package, and sequence transport emissions reduction initiatives for ERP2 that can deliver the necessary emissions reductions while also delivering other strategic outcomes and realising expected co-benefits (benefits other than emissions reduction) over the long term.

Recommendations

We recommend you:

- 1 **note** the four recommendations for Transport in the draft advice from the Climate Change Commission
- 2 **note** the Ministry's views on the proposed strategic approach to ERP2 for discussion at the CRMG meeting on 26 July 2023
- 3 **note** that the expected abatements from transport to meet the second emissions budget are significantly higher than the first and will require actions in ERP2 that are considerably more ambitious than those currently committed in ERP1
- 4 **note** that delivery of all ERP1 actions has been constrained by resource limitations
- 5 **Agree** to the plan outlined for the development of the transport components of the ERP2 discussion paper for Ministers in December 2023 Yes / No
- 6 **Agree** to share your views on these matters with Ministry officials to inform our ongoing work on the strategic approach to ERP2 and the transport components of to the ERP2 discussion paper Yes / No

Holly Walker

Holly Walker

Manager Environment and Emissions Strategy

13 / 07 / 2023

Hon David Parker

Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Holly Walker, Manager, Environment and Emissions Strategy	s 9(2)(a)	✓
Jared Humm, Principal Advisor, Environment and Emissions Strategy		

DEVELOPING THE TRANSPORT CONTENT FOR THE SECOND EMISSIONS REDUCTION PLAN (ERP2) – INITIAL STRATEGIC CONSIDERATIONS

Background

The first Emissions Reduction Plan is being implemented.

- 1 The Government's first Emissions Reduction Plan (ERP1) was released on 16 May 2023, setting out the actions the Government will take between 2022-25 to meet the first of three emissions budgets. The first three emissions budgets were set by ERP1, and act as stepping-stones to put Aotearoa New Zealand on track to meet our domestic and international commitment of reaching net-zero greenhouse (GhG) emissions by 2050, as required by the Climate Change Response Act 2002.
- 2 The ERP sets the overall transport target of a 41 percent reduction in transport emissions by 2035, along with four sector sub-targets conforming to four focus areas:
 - Target 1: Reduce total vehicle kilometres travelled (VKT) by the light fleet by 20 percent by 2035 through improved urban form and providing better travel options, particularly in our largest cities.
 - Target 2: Increase zero-emissions vehicles to 30 percent of the light fleet by 2035.
 - Target 3: Reduce emissions from freight transport by 35 percent by 2035.
 - Target 4: Reduce the emissions intensity of transport fuel by 10 percent by 2035.
- 3 If actions in ERP 1 are successfully implemented, it would deliver on transport's expected emissions reductions in the first budget period (2022-2025) and set up actions to partly deliver on the second (2026-2030) and third (2031-2035) budget periods. Although ERP1 is tracking well, significant additional actions will be required to deliver on the second and third budgets through the second and third plans (ERP2 and ERP3)
- 4 In December 2022, the Ministry published the *Decarbonising Transport Action Plan 2022-25* (DTAP). This describes in detail what the Government will do over the first budget period to implement the transport actions in ERP1, as well as how we plan to embed a long-term strategic approach to transport emissions reduction.

Transport will need to be ambitious to achieve its targets through ERP2 and ERP3

- 5 Transport's expected contribution to the first three emissions budgets increases exponentially for each budget period. **Figure 1** below, models projected emissions under a variety of scenarios.
 - 5.1 The light blue bars show the expected emissions abatements from transport in each of the first three budgets, according to the Commission's demonstration pathway.

5.2 The orange bars show the abatements that transport would have delivered if the actions in ERP1, were implemented as written and on time.

5.3 The combined dark blue and yellow bars estimate what will be achieved based on currently committed actions, considering recent decisions to slow or discontinue various ERP actions (such as the decision to not implement the Sustainable Biofuels Obligation).

5.4 Figure 1 clearly shows the scale of the challenge for ERP2 and ERP3, as well as the impact of not implementing all ERP1 actions.



Figure 1 – change in emissions abatement projections – the orange bar shows the quantified abatement from the full set of ERP1 actions. Following Government reprioritisation, the navy bar shows the current estimate of quantifiable policies shown in the orange bar, while yellow show unattributable to ERP1 actions, but are still changes in baseline emissions.

- 6** During the second emissions budget period, it will be critical for the Government to focus simultaneously on actions to reduce emissions within the second emissions budget period (2026-2030) and on actions needed to reduce emissions in the third emissions budget period (2031-2035).
- 7** Currently, government estimates suggest we will not achieve the emissions reductions that the Climate Change Commission (the Commission) analysis estimated was required from the transport sector. The shortfall is 3.5MT CO₂-e and 17.6MT CO₂-e in the second and third emissions budget periods respectively.

The Climate Change Commission's draft advice on ERP2

- 8** The Commission published its draft advice to inform the strategic direction of ERP2 on 26 April 2023. Its final advice will be published in December 2023.

- 9 The Commission's draft advice focuses on identifying critical gaps in action, as well as existing actions that urgently need to be strengthened and accelerated. The final advice, published in December 2023, must be considered in the preparation of ERP2.
- 10 Their proposed transport recommendations are:
- 10.1 **Recommendation 10:** Implement an integrated planning system that builds urban areas upward and mixes uses while incrementally reducing climate risks.
 - 10.2 **Recommendation 16:** Simplify planning and increase funding of integrated transport networks that optimise public and active transport. For major population centres, the Government should also complete cycleway networks by 2030 and take steps to complete rapid transport networks by 2035.
 - 10.3 **Recommendation 17:** Rapidly resolve the barriers to scaling up vehicle charging infrastructure.
 - 10.4 **Recommendation 18:** Develop incentives to accelerate the uptake of zero emission commercial vehicles, including vans, utes and trucks.
- 11 The Ministry broadly agrees with all the proposed recommendations for transport. Some of the key strategic considerations for transport in the development of ERP2 will include:
- Ensuring sufficient funding is available to deliver large-scale projects such as major public transport improvements and new active transport infrastructure.
 - Developing a robust methodology to ensure the initiatives included are strategic, evidence-based, and can deliver the necessary emissions reductions alongside other strategic outcomes for the transport system.
 - Sequencing actions to maximise emissions abatement and co-benefits over the long-term, especially when there are long lead times on large scale actions. This sequencing is necessary to ensure that we are not only meeting our immediate emissions budget, but also providing the foundations for the long-term work necessary to achieve our third emissions budget and beyond.
 - Providing flexibility in ERP to support an adaptive management approach that will remain fit for purpose in a fast-changing environment. This will be particularly important because there is a one-year preparation period after ERP2 is published before it comes into effect. Once it does, it will be in effect for five years.
 - Supporting collaboration between sectors when emissions reduction depends on complementary action across sectors. For example, the ERP 1 target of reducing VKT by the light fleet by 20 percent by 2035 is largely dependent on changes to urban form that transport cannot deliver. Likewise, meeting the second transport target (zero emissions vehicles making up 30 percent of the light fleet by 2035) will rely on sufficient charging infrastructure to be delivered by the private sector, with oversight by the Ministry of Business, Innovation, and employment (MBIE).
- 12 The full response to the Commission's recommendations is attached as Annex One.

Ministers will be asked to endorse a strategic approach for ERP2 on 26 July

- 13 Partly in response to the Commission's draft advice, and partly to respond to the lessons learned from ERP1, the Climate Change Interdepartmental Executive Board (IEB) has developed a proposed strategic approach for ERP2. Minister Shaw will be seeking the Climate Response Ministers Group's (CRMG's) endorsement of this approach on 26 July.
- 14 You have received (or will soon receive) a package of papers from Minister Shaw to support CRMG's discussion of the strategic objectives for ERP2 on 26 July 2023. This is an opportunity for Ministers to provide early and explicit direction on the strategic priorities for ERP2.
- 15 Key aspects of Minister Shaw's proposed approach to ERP2 include:
- A more 'top-down' approach to choices and trade offs and a focused strategy and narrative
 - Fewer and more strategic actions
 - An ability to adaptively manage 'overs and unders' throughout the budget period.
- 16 Following this, Minister Shaw proposes to bring a second package of advice to CRMG in December 2023 that will outline the 'big shifts' required to deliver our emissions budgets over the long term, the pathways to get there (which will vary over time), and, most immediately, the 'big calls' (financially and politically) for Ministers to make in ERP2 to ensure the pathway works.
- 17 One important reason to seek this direction early is that Cabinet has agreed to use ERP2 as the vehicle for contributing to the New Zealand's nationally determined contribution (NDC) for 2021-2030. This is the level of abatement we have committed to achieve internationally. It is over and above what we have committed to domestically in the emissions reduction budgets for this period, which are already ambitious and require significantly more funding and commitment to action than ERP1.
- 18 The Ministry has provided feedback for officials at the Ministry for the Environment (MfE) and the Climate Change Interagency Executive Board (CCIEB) on this proposed approach. While we broadly support this approach, we draw your attention to the following:

• s 9(2)(g)(i)



•

- We support defining 'action areas' for ERP2 that set high level expectations about the changes required to deliver on emissions budget two and suggest that detailed line by line implementation plans are left out of ERP2 and developed during the one-year lead in time as appropriate.
- The size of the abatement task for ERP2 should not be underestimated. The emissions reductions expected from transport during the second budget period are significantly more ambitious than for the first. The jump from the second to third budget periods in 2030 is even more significant again. Successfully achieving the expected abatements from transport will require a very high commitment of financial resources and political leaderships over the next two budget periods. You may wish to raise these matters with your colleagues at CRMG.
- Meeting our NDC commitment (committed globally) will require additional emissions abatement over and above that outlined above. The Ministry considers that this additional expected abatement should be quantified and factored into ERP2 planning. Ideally, Cabinet should set clear expectations about how much of this additional NDC abatement is expected from sectors.

s 9(2)(g)(i)



The Ministry has developed a plan to approach ERP2

- 19 The Ministry has recently reorganised internally to ensure successful delivery of the current and future ERP. This includes establishing an Emissions Reduction Governance Group (ERG) to provide portfolio-level oversight, an Emissions Programme Office (EPO) to monitor and report on progress, and two new emissions-focused teams: a policy design team which leads the implementation of many ERP1 initiatives, and a strategy team (EES) which is responsible for coordinating transport's contribution to ERP2. A small Freight Decarbonisation Unit sits within the Freight and Supply Chain team and many other teams are responsible for individual ERP actions.
- 20 The EES team is developing the Ministry's plan for approaching ERP2, which includes the consideration of the following:
 - The Commission's advice for ERP2
 - Lessons learned from ERP1
 - Analysis of the projected abatement from committed actions
 - Long-term emissions abatement implications.

21 Taking these factors into consideration, we consider that for transport's contribution to ERP2 to be successful it will need to:

- Identify 'action areas' that are of a more strategic nature, rather than line-item actions, to enable more of an adaptable management approach and ensure that actions are always fit-for-purpose.
- Focus on delivering actions across all four focus areas (reducing reliance on cars, rapidly adopting low-emissions vehicles, decarbonising heavy transport and freight, and cross-cutting and enabling measures) including identifying dependencies on other sectors and taking a whole-of-system approach.
- Include actions that not only reduce emissions but also help deliver multiple benefits across multiple outcomes using the Transport Outcomes Framework to prioritise interventions with the greatest potential to deliver co-benefits.
- Be strategically sequenced across long-term timeframes, identifying when actions need to be implemented and in what order to maximise emissions reduction and other benefits.

22 To achieve this, we propose to achieve the following to aide transport's contribution to the ERP2 discussion paper that will go to Minister's in December 2023:

- Identify new ideas for ERP2 through reassessing ERP1, engaging with the sector and wider communities, and looking at approaches overseas. Additionally, it will be important to identify actions that will bring other actions forward, increase their emissions abatement, and reduce costs.
- Use the Transport Outcomes Framework as a basis to assess potential high-level actions and prioritise them by their contribution to emissions reduction and other outcomes (alongside other traditional assessment tools, including value for money).
- Analyse the prioritised high-level actions and work them up into sequenced pathways that align with the 'big shifts' required to achieve the first and second emissions reduction budgets, as well as the long-term outcome of a net zero carbon Aotearoa New Zealand by 2050.

23 See **Figure 2**, below, for an indicative outline of this process, including timeline and milestones, and Annex Two for a full indicative timeline out to December 2024, when ERP2 is due to be published.

	Jul		Aug		Sep		Oct		Nov		Dec	
	Early	Late	Early	Late	Early	Late	Early	Late	Early	Late	Early	Late
EES ERP2 key tasks		Adapt prioritisation tool	Initial internal engagement /idea generation on areas for ERP development		Analysis of ERP high level options		Draft ERG paper seeking endorsement of transport big calls/shifts		Submit paper to ERG		Drafting, decision making, and reactive policy redevelopment feeding into the sector ERP2 discussion paper.	
Other key Dates						BIMs completed	General Election	Begin confirming ERP2 strategic direction				ERP2 discussion paper (big shifts/calls) to Ministers

Figure 2 – Plan for transports contribution to ERP2 discussion paper to Ministers

Next Steps

- 24 If you agree with the Ministry's comments on the strategic approach to ERP2 we would encourage you to share this at the CRMG meeting on 26 July so that it is captured.
- 25 If you would like to discuss the plan to develop the transport contribution to the ERP2 discussion paper to Ministers in December 2024, officials would be happy to meet with you.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Annex One – Ministry Feedback to Climate Change Commission Draft Advice on ERP2

Proposed recommendation	Preliminary response to the Commission's proposed recommendation	Key considerations, implications and/or opportunities	Key points for Climate IEB to discuss with the Commission
Recommendation 10 <i>Implement an integrated planning system that builds urban areas upward and mixes uses while incrementally reducing climate risks.</i>	<p>s 9(2)(f)(iv)</p> <p>RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982</p>		
Recommendation 16 <i>Simplify planning and increase funding of integrated transport networks that optimise public and active transport. For major population centres, the Government should also complete cycleway networks by 2030 and take steps to complete rapid transport networks by 2035.</i>			

Recommendation 17 <i>Rapidly resolve the barriers to scaling up vehicle charging infrastructure.</i>	
Recommendation 18 <i>Develop incentives to accelerate the uptake of zero emission commercial vehicles, including vans, utes and trucks.</i>	

Annex Two – Timeline for ERP2

EES ERP2 timeline

2023	Jul		Aug		Sep		Oct		Nov		Dec	
	Early	Late	Early	Late	Early	Late	Early	Late	Early	Late	Early	Late
Emissions sector/govt dates						BIMs completed	General Election	Begin confirming ERP2 strategic direction				ERP2 discussion paper (big shifts/calls) to Ministers CCC final advice for ERP2
EES ERP2 key tasks		Adapt prioritisation tool	Initial internal engagement /idea generation on areas for ERP development		Analysis of ERP high level options			Drafting paper to ERG seeking endorsement of transport big calls/shifts	Submit paper to ERG	Drafting, decision marking, and reactive policy redevelopment feeding into the sector ERP2 discussion paper.		
2024	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Emissions sector/govt dates		Cabinet approval to consult	Public consultation		Post consultation policy		ERP2 drafting begins	Final Cabinet policy decisions on ERP2	ERP2 document design and final edits	Cabinet approval to publish ERP2	COP29	ERP2 statutory date
EES ERP2 key tasks		Prep for public consultation	Public consultation	ERG approve content of advice	Refining, drafting, reactive policy updating	Drafting and rapid policy changes					Post ERP2 OIA, Comms, etc	CCC advice on international emissions and EB4

Transport Chapter ERP Dashboard

As at 30 April 2023

A Portfolio overview of the priority areas within the Transport Chapter of the Emissions Reduction Plan (ERP).

Key: ● On Track ● At Risk ● Delayed

Key Highlights from this Period

Key successes for April 2023 include:

- The Contestable Fund for Bus Decarbonisation was launched on 28 April 2023. The Funding Agreement between the Ministry and Waka Kotahi has been signed.
- Consultation on the draft EV Strategy successfully got underway and six online engagement workshops were held with stakeholders.
- International recruitment of bus drivers can resume following confirmation of the transport sector agreement that includes a lower wage rate requirement. The national bus driver shortfall has reduced from about 860 in December 2022 to about 460 in April 2023.

Programme Level Updates

Budget 2023

- Budget 2023 decisions will impact the delivery of the priority areas in this dashboard as well as initiatives in the wider transport emissions reduction programme. Once decisions are communicated, the Ministry will set up funding agreements and/or projects as needed so implementation can begin quickly.

Updating emissions modelling to reflect the current status of the programme

- There are now several transport initiatives that have been discontinued, delayed or changed in scope compared to what was included in the ERP following Ministerial decisions. Additionally, some initiatives in the transport programme remain not resourced or under resourced, while others are proving to be more successful than originally estimated (OC230365 refers).
- Ministers have requested updated emissions modelling across all sectors to reflect the latest changes to baseline projections, as well as updates to reflect the best understanding we have of policy initiatives. This advice is on the agenda for the CRMG meeting on 31 May 2023.

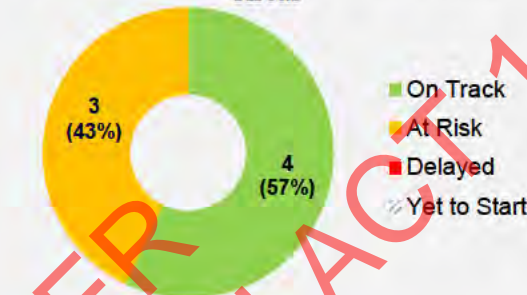
Climate Change Commission draft advice

- The Climate Change Commission released its draft advice to inform the strategic direction of the ERP2 on 26 April 2023 and consultation is open until 20 June 2023. Advice will be provided to you on the transport recommendations in the draft advice.

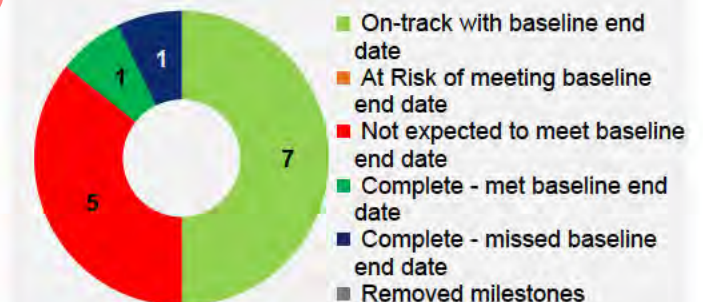
Priority Area and Milestones Overview

OC230537 Document 13

Overall Delivery Progress for the Priority Areas



Milestone status



Upcoming Cabinet/Ministerial Decisions (For Priority Areas)

Minister and Cabinet Decisions relating to priority ERP initiatives	Week Ending
Reflecting ERP commitments in the next GPS	9 June 2023
• Agreement to release Draft GPS 2024 for public consultation	
VKT Reduction Plan and Programmes (including sub-national VKT targets)	30 June 2023
• Confirmation and publication of sub-national VKT reduction targets for Tier 1 urban areas	
EV Charging Infrastructure & Budget Bid	14 July 2023
• ENV and Cabinet agreement to final Strategy	
VKT Reduction Plan and Programmes (including sub-national VKT targets)	26 July 2023
• Endorsement of publishing the national plan	

CERF Financial Update

Overall Financial Status ●

Year-to-date spend as at 30 April 2023 is **\$8.46m**, making up 5.55% of the \$152.37m appropriated funding. Although there was no spend for the month, the Community Connect YTD amount has been corrected in this report to \$1.46m. An error in coding meant that \$1.24m was missed out from previous reports.

In-Principle Expense Transfers (IPETs) have been applied for the initiatives **Mode-Shift and Reducing Light Vehicle Kilometres Travelled** and **Community Connect – Public Transport Concessions for Community Services Cardholders**. These will be confirmed by the Treasury on 20 June 2023. The other two initiatives are set up as Multi-Year Appropriations and therefore do not require IPETs to transfer funding between years.

Initiative title	Apr-23 Spend (\$)	Total Actual YTD spend (\$)	Original CERF Approved Funding (\$)	Indicative FY 22/23 spend (\$)	Actual YTD spend / Indicative FY 22/23 spend (%)
Mode-Shift and Reducing Light Vehicle Kilometres Travelled	\$0.00 million	\$6.5 million	\$110.30 million	\$11.54 million	56%
Community Connect – Public Transport Concessions for Community Services Cardholders	\$0.00 million	\$1.46 million	\$24.78 million	\$1.60 million	91%
Retaining and Recruiting Bus Drivers – Improving Terms and Conditions	\$0.00 million	\$0.00 million	\$13.00 million	\$13.00 million	0%
Decarbonising the Public Transport Bus Fleet	\$0.00 million	\$1.00 million	\$4.29 million	\$4.29 million	23%
Total	\$0.00 million	\$8.97 million	\$152.37 million	\$30.06 million	29%

Delivery Progress as at 30 April 2023

Key

Overall delivery progress:

On-track

At Risk

Milestone status:

On-track with baseline end date

At Risk of meeting baseline end date

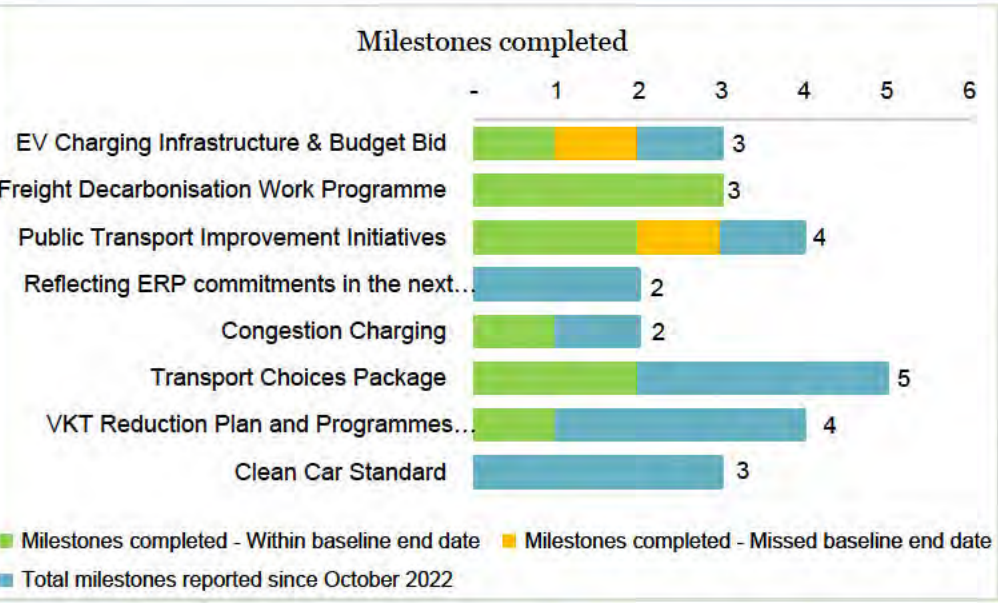
Complete – missed Baseline end date

Not expected to meet baseline end date

Complete – met Baseline end date

Baseline End Date: This is the scheduled end date when the milestone was established

Forecast End Date: This is the revised end date of the milestone, taking into account set backs/developments



EV Charging Infrastructure & Budget Bid

On-track

Consultation on the draft EV Strategy got underway in April 2023. Looking ahead, the Ministry will work on a summary of submissions. A briefing will be developed suggesting areas to change in the final Strategy that will be provided along with the draft Cabinet Paper in the week ending 16 June. The Ministry expects to take the final Strategy to Cabinet for approval in July, ready for publication in August 2023.

The overall delivery progress is now rated as "on-track" due to the release of the EV Charging Strategy happening in line with Ministerial expectations, and the overall objective of the initiative being on track for delivery this year.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
1/05/2022	30/06/2023	31/08/2023	Final EV Charging Strategy approved by Cabinet	At Risk	At Risk

Freight Decarbonisation Work Programme

TBC

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
TBD	TBD	-	NEW MILESTONE IN DEVELOPMENT	At Risk	At Risk

Public Transport Improvement Initiatives

At Risk

International recruitment of bus drivers can now recommence following confirmation of the transport sector agreement that includes a lower wage rate requirement. Under the sector agreement, eligible bus drivers will have a 2-year work to residence pathway.

The Contestable fund for Bus Decarbonisation has been launched as planned on 28 April 2023. The Funding Agreement between the Ministry and Waka Kotahi has been signed.

Community Connect for Community Services Card holders is well positioned to roll-out on 1 July 2023 across all of New Zealand, with the soft launch for registrations commencing 31 May 2023.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
1/05/2022	31/03/2023	1/07/2023	Community Connect launched nationwide	At Risk	At Risk
1/05/2022	31/03/2023	30/04/2023	Contestable funding model for Bus Decarbonisation is launched	At Risk	On Track

Reflecting ERP commitments in the next GPS

On-track

There has been no further work on ERP aspects of the GPS 2024 for the reporting period.

The overall delivery progress is rated "on-track" due to the priority area advancing in line with Ministerial expectations and because the initiative is expected to be completed within the overall timeframe outlined in the DTAP.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
1/05/2022	31/03/2023	30/07/2023	Undertake public engagement on the draft GPS 2024	At Risk	At Risk
1/05/2022	30/09/2023	No change	Publish final GPS 2024	On Track	On Track

Congestion Charging

On-track

s 9(2)(f)(iv)

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
1/05/2022	31/03/2023	8/05/2023	s 9(2)(f)(iv)	At Risk	At Risk

Transport Choices Package

At Risk

The Transport Choices package is progressing well, and Waka Kotahi is further refining delivery with councils to ensure a successful pipeline of project delivery. This includes working with councils to produce project plans, engagement plans, monitoring and evaluation plans and in some cases reviewing providing and feedback on initial concept designs. Works have begun on:

- Hendry Avenue project in Auckland
- Consultation is underway on five more projects

While the milestones are all on track, there is ongoing risk to the delivery of the programme related to council resource and prioritisation which is reflected in the amber rating.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
1/12/2022	30/09/2023	No change	NEW MILESTONE: Pre-implementation of all projects	At Risk	On Track
1/12/2022	18/12/2023	No change	NEW MILESTONE: Briefing to the Minister on final investment programme	At Risk	On Track
1/12/2022	30/06/2024	No change	NEW MILESTONE: Implementation of all projects completed	At Risk	On Track

VKT Reduction Plan and Programmes (including sub-national VKT targets)

At Risk

The national VKT reduction plan and engagement on the urban programmes is progressing well. The revised draft plan and a briefing will be provided to the Minister in late May. The briefing will include a update on the urban programmes.

Waka Kotahi have completed initial assessment of the EOIs for the Urban Programmes, work is now underway to develop detailed guidance based on the gaps identified in these responses. Funding is expected to be approved in May 2023.

The Ministry has also completed engagement Tier 1 councils regarding proposed sub-national VKT targets. A summary of feedback has been prepared to share with councils and form the basis of advice to Ministers.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
1/05/2022	30/06/2023	No change	Engagement with councils, iwi/Māori and other partners on the national plan	On Track	On Track
1/05/2022	30/06/2023	No change	Sub-national VKT targets finalised	On Track	On Track
1/05/2022	30/06/2023	31/08/2023	National plan published	At Risk	At Risk

Clean Car Standard

On-track

Waka Kotahi is on track to introduce the functionality needed to enable importers to offset and pay charges, transfer credits and invoice balances from 1 June 2023. A milestone has been added to reflect the regulatory change needed to enable Cabinet's decision that disability vehicles should be deemed as "Type B vehicles" (Type B vehicles have less strict CO2 targets assigned to distributors). Work is progressing on the regulations for this amendment, which is due to be in force from 1 July 2023.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Mar-23 Status	Apr-23 Status
1/05/2022	30/06/2023	1/06/2023	Implementation of the legislated targets	On Track	On Track
11/04/2023	1/07/2023	No change	NEW MILESTONE: Amendment to the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 to classify Disability Vehicles as "Type B vehicles"	At Risk	On Track

Transport Chapter ERP Dashboard

As at 31 May 2023

A Portfolio overview of the priority areas within the Transport Chapter of the Emissions Reduction Plan (ERP).

OC230572 Document 14

Key Highlights from this Period

Key successes for May 2023 include:

- Feedback from bus operators suggest a positive impact of the wage increases on bus driver terms and conditions, with an increase in driver applications and reduced driver turnover.
- A summary of submissions and cover briefing for the EV Charging Infrastructure were provided to the Ministers of Transport and Energy and Resources on 31 May 2023.
- Waka Kotahi work on Clean Car Standard systems and processes undertaken in May resulted in the successful implementation of legislated functionality on 1 June.

Programme Level Updates

Budget 2023

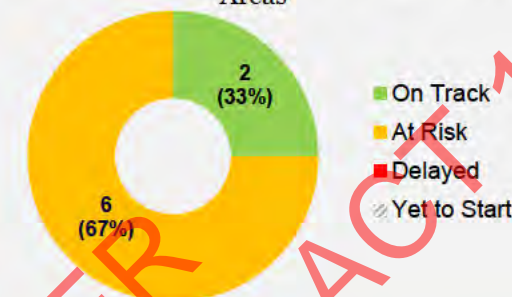
- Budget 2023 was delivered on 18 May 2023. The following approved Budget initiatives are relevant for the transport emissions programme:
 - Auckland Light Rail – Policy Work Programme
 - Clean Car Discount – Increased Crown Grant
 - Electric Vehicle Charging Infrastructure – Funding to Expand Immediate Investments, and Inform Future Investments
 - Community Connect – Free Fares for Children and Half-Price Fares for Under 25-Year-Olds and Total Mobility Passengers
 - Future of Rail – Rail Network Investment Programme
 - Supporting the Ministry of Transport to Deliver the Emissions Reduction Plan Transport Chapter
 - Crown Support for Public Transport Operating Shortfall
 - Public Transport Workforce Sustainability and Skill Improvements – Tranches 2 and 3

Updating emissions modelling to reflect the current status of the programme

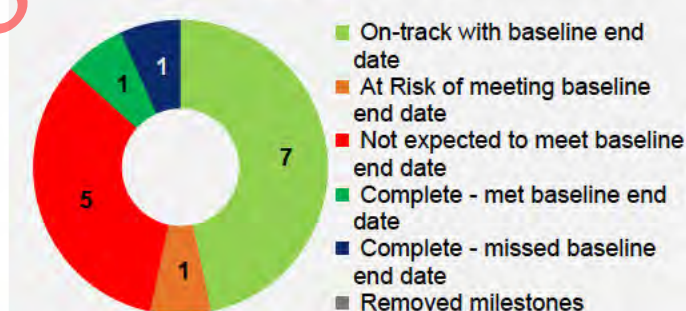
- On 31 May 2023, CRMG Ministers discussed updated emissions modelling that incorporated changes to baseline projections, as well as updates to reflect the best understanding we have currently of the impact of quantified policy initiatives. The updated projections indicate that transport is on track to achieve its sub-sector target for the first emissions period, however projections for the second and third budgets show that transport is not forecast to meet its targets. No additional interventions were identified for the current emissions period.

Priority Area and Milestones Overview

Overall Delivery Progress for the Priority Areas



Milestone status



Upcoming Cabinet/Ministerial Decisions (For Priority Areas)

Minister and Cabinet Decisions relating to priority ERP initiatives	Week Ending
Public Transport Improvement Initiatives	
Decisions on any amendments to the Regulation of Public Transport Bill recommended in the Departmental Report.	June 2023
Public Transport Improvement Initiatives	
Decisions on implementation options and funding arrangements for Community Connect extensions.	June 2023
VKT Reduction Plan and Programmes (including sub-national VKT targets)	
Confirmation and publication of sub-national VKT reduction targets for Tier 1 urban areas.	30 June 2023
VKT Reduction Plan and Programmes (including sub-national VKT targets)	
Endorsement from CRMG of publishing the national plan.	28 July 2023

CERF Financial Update

Overall Financial Status ●

Year-to-date spend as at 31 May 2023 is \$8.55m, making up 28% of the \$30.43m indicative spend for FY22/23 of appropriated CERF funding.

- N.B. Indicative FY22/23 spend is based on the most recent financial baseline submitted to Treasury, minus any in-principle funding transfers to the next financial year. For the first two initiatives this is a good representation of expected spend.** However the last two initiatives in the table are Multi-Year Appropriations that do not require funding transfers as funding is automatically rolled over to the following year. Although this follows correct appropriate treatments, the indicative FY spend figure is not a good representation of expected spend for MYAs. Therefore Waka Kotahi internal forecasts have also been noted in the table below.
- The figures below are sourced from the Ministry of Transport. Because of the CERF appropriation arrangements Waka Kotahi draw down funding ahead of actual expenditure. References to 'spend' in the table below represent Waka Kotahi draw-downs. Waka Kotahi accruals are based on estimates and any variances are adjusted the following month*.

Initiative title	Commentary	May-23 Spend (\$)	Total Actual YTD spend (\$)	Original CERF Approved Funding (\$)	Indicative FY 22/23 spend (\$)	Actual YTD spend / Indicative FY 22/23 spend (%)
Mode-Shift and Reducing Light Vehicle Kilometres Travelled	Waka Kotahi is forecasting spend of \$10.14 million on the VKT plan and programmes and Transport Choices. Spend was lower than expected this FY due to delays in finalising funding agreements and getting the programmes in place. Refer to Decarbonising the Public Transport Bus Fleet for funding agreement commentary.	\$0.09 million	\$6.61 million	\$110.30 million	\$11.54 million	57%
Community Connect – Public Transport Concessions for Community Services Cardholders	Waka Kotahi forecast of \$1.6 million reflects the Government decision to delay the introduction of the scheme by several months. The adjustment of \$52k in May is due to an over accrual from April.	-\$0.52 million	\$0.94 million	\$24.78 million	\$1.60 million	59%
Retaining and Recruiting Bus Drivers – Improving Terms and Conditions	Waka Kotahi forecast spend for FY is \$5.00 million. This is due to negotiations between PTAs, Bus Operators and Union taking longer than expected as some have complex terms and conditions that require a significant amount of consideration. Any amount unspent for the year will be automatically transferred to the next FY.	\$0.00 million	\$0.00 million	\$13.00 million	\$13.00 million	0%
Decarbonising the Public Transport Bus Fleet	Waka Kotahi forecast spend for FY is \$0.40 million. This is due to delays in finalising the Funding agreement, which in turn meant a delay to designing and launching the Bus Decarbonisation Contestable Fund. This was due to developing an agreed drawdown method between Waka Kotahi and Te Manatū Waka. To mitigate this risk, the Ministry's Finance team is working towards establishing a Capital Fund to support all CERF initiative. There was also a delay in progressing the RFP to select a supplier for a major supporting study (Electricity Grid Demand Study) due to potential suppliers being preoccupied with Cyclone Gabrielle. The RFP is now in the final stages. Any amount unspent for the year will be automatically transferred to the next FY.	\$0.00 million	\$1.00 million*	\$4.29 million	\$4.29 million	23%
Total		-\$0.42 million	\$8.55 million	\$152.37 million	\$30.43 million	28%

Delivery Progress as at 31 May 2023

Key

Overall delivery progress:

On-track

At Risk

Milestone status:

On-track with baseline end date

At Risk of meeting baseline end date

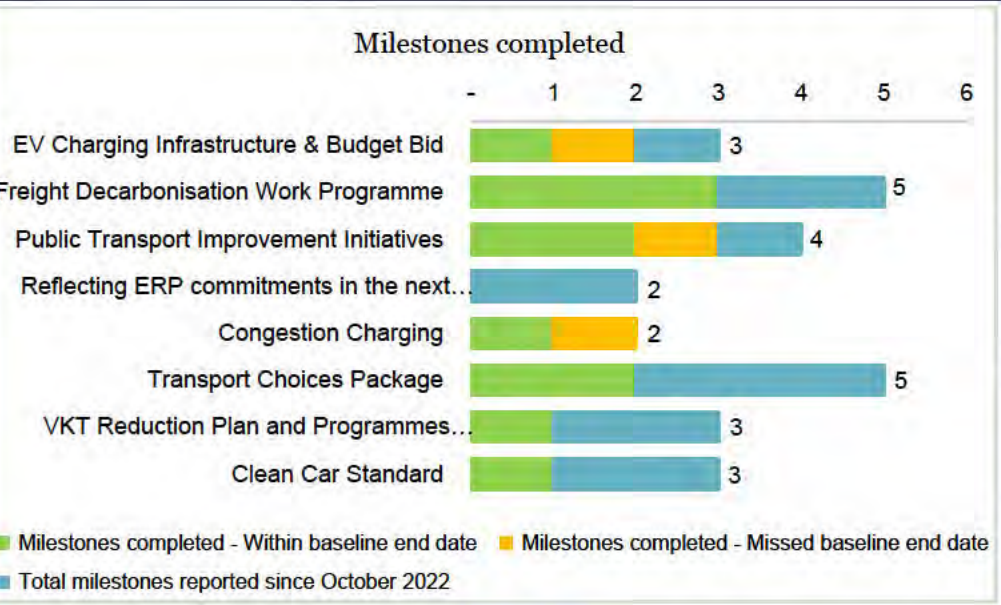
Complete – missed Baseline end date

Not expected to meet baseline end date

Complete – met Baseline end date

Baseline End Date: This is the scheduled end date when the milestone was established

Forecast End Date: This is the revised end date of the milestone, taking into account set backs/developments



EV Charging Infrastructure & Budget Bid

Public consultation on the draft Strategy closed on 11 May 2023. Te Manatū Waka received 140 submissions and held six well-attended online engagement sessions. A summary of submissions and cover briefing were provided to the Ministers of Transport and Energy and Resources on 31 May 2023. A briefing summarising recommended changes to the draft Strategy based on the feedback received will be provided to both Ministers on 21 June 2023, along with a draft Cabinet paper seeking Cabinet approval to publish the final Strategy and an associated work programme. The intention is for this paper to be considered by DEV on 13 July 2023.

A \$120 million EV charging package was announced in Budget 2023 and was well received.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/05/2022	30/06/2023	31/08/2023	Final EV Charging Strategy approved by Cabinet	At Risk	At Risk

Freight Decarbonisation Work Programme

The immediate priorities for the Freight Decarbonisation work programme were agreed by the Minister of Transport through the Freight and Supply Chain Strategy process. This has meant that the Freight Decarbonisation Unit are now working on two additional actions:

- Begin work to review the regulatory system to better enable ZEHVs to operate on NZ roads.
- Partner with the Sustainable Business Council on a market led low carbon freight mechanism.

Additionally the Freight Decarbonisation Unit has been working with EECAM/MBIE on the development of the Clean Heavy Vehicle Grant scheme.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/06/2023	1/08/2023	No change	NEW MILESTONE: Feasibility study delivered on low carbon freight mechanism, and next steps agreed	At Risk	At Risk
16/06/2023	1/10/2023	No change	NEW MILESTONE: Reach agreement on scope, timeline and responsibilities on ZEHV regulatory review work with Waka Kotahi	At Risk	At Risk

Public Transport Improvement Initiatives

Bus Driver Terms and Conditions: Feedback from bus operators suggests a positive impact of the wage increases, with an increase in driver applications and reduced driver turnover.

Bus Decarbonisation: The invitations for the first contestable funding round to support bus decarbonisation were released to PTAs on April 2023, accompanied by a media statement. Waka Kotahi subsequently met with 7 PTAs to discuss their intentions. The deadline for PTA applications to the first funding round is 23 June 2023 and Ministerial announcement of successful recipients is expected around 23 August 2023.

Community Connect Scheme: Budget 2023 has confirmed four concession initiatives commencing 1 July 2023, the details of which are currently being worked through between Waka Kotahi and Te Manatū Waka.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/05/2022	31/03/2023	1/07/2023	Community Connect launched nationwide	At Risk	At Risk

Reflecting ERP commitments in the next GPS

A Cabinet paper seeking approval to release GPS 2024 consultation draft was completed and lodged on 29 May 2023. The paper was deferred from consideration and is now scheduled for DEV on 21 June 2023. The new timing presents a significant challenge for completing public consultation before the election which means the overall DTAP timeframes are at risk of being met. As a result the overall priority area is now rated as amber.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/05/2022	31/03/2023	30/07/2023	Undertake public engagement on the draft GPS 2024	At Risk	At Risk
1/05/2022	30/09/2023	No change	Publish final GPS 2024	At Risk	At Risk

Congestion Charging

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/05/2022	31/03/2023	8/05/2023		At Risk	At Risk

Transport Choices Package

Waka Kotahi continues to work with councils to ensure projects are set-up for successful delivery and are aligned to the Transport Choices outcomes.

Feedback from both Ministers of Transport and Finance has been received on the Apr-23 briefing outlining the revised Transport Choices delivery programme. Waka Kotahi continues to work with Councils to support their pre-implementation activities and assess the deliverability of the suite of 80+ projects and packages. A briefing will be provided to Ministers in December to confirm the final programme which can be delivered within the approved funding envelope.

While the milestones are all on track, there is ongoing risk to the delivery of the programme related to council resource and prioritisation which is reflected in the amber rating.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/12/2022	30/09/2023	No change	Pre-implementation of all projects	At Risk	At Risk
1/12/2022	18/12/2023	No change	Briefing to the Minister on final investment programme	At Risk	At Risk
1/12/2022	30/06/2024	No change	Implementation of all projects completed	At Risk	At Risk

VKT Reduction Plan and Programmes (including sub-national VKT targets)

Officials have completed a targeted round of information sessions about the proposed VKT targets with affected councils and have provided a draft Cabinet Paper to the Minister's office seeking Cabinet's approval to confirm and publish the targets.

Pending Minister of Transport feedback on the latest draft of the National VKT Reduction Plan, Waka Kotahi is on track to seek approval of the National Plan from the Waka Kotahi Board on 6 July 2023 and for the plan to be shared with Climate Response Ministers in late July.

Expressions of interest for funding to support planning of the urban programmes were submitted by Tier 1 councils at the end of March 2023. Waka Kotahi is considering options in response to the request from many Councils for more information and guidance to support these EOIs and will brief the Minister of Transport on these issues in June 2023.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/05/2022	30/06/2023	No change	Sub-national VKT targets finalised	At Risk	At Risk
1/05/2022	30/06/2023	31/08/2023	National plan published	At Risk	At Risk

Clean Car Standard

Waka Kotahi work undertaken in May 2023 resulted in the successful implementation of legislated functionality on 1 June. There is approximately four months of further technology development, operating model design and implementation, and change management to complete the design and build of CCS. The Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 and accompanying Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023 both made by Order in Council on 22 May 2023 and will be in force on 1 July 2023.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Apr-23 Status	May-23 Status
1/05/2022	30/06/2023	1/06/2023	Implementation of the legislated targets	At Risk	At Risk
11/04/2023	1/07/2023	No change	Amendment to the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 to classify Disability Vehicles as "Type B vehicles"	At Risk	At Risk
01/05/2022	30/09/2023	No change	NEW MILESTONE: Technology solution and operating model implemented	At Risk	At Risk



14 July 2023

OC230497

Hon David Parker
Minister of Transport

Action required by:
Friday, 11 August 2023

Hon Grant Robertson
Minister of Finance

UPDATE TO THE KIWI RAIL AND WAKA KOTAHĪ DELEGATION LETTERS FOR THE NEW ZEALAND UPGRADE PROGRAMME

Purpose

This briefing seeks your approval of the attached KiwiRail and Waka Kotahi Delegation Letters for the New Zealand Upgrade Programme (NZUP) projects and approval of the financial recommendations to allow delivery agencies to drawdown tagged contingency in accordance with the decisions made by Joint Ministers in April 2023 (OC221070 refers).

Key points

- In April 2023, the Minister of Transport and the Minister of Finance, as Joint Ministers, agreed to delegate scope and outcomes decisions to delivery agencies for most projects to deliver within the approved funding (OC221070 refers).
- Should you agree with the recommendations in this briefing and the appended delegation letters, Joint Ministers Tagged Contingency will move to delivery agency allocation but Joint Ministers will retain decision-making authority for Ōtaki to north of Levin (O2NL), Marsden Point Rail Link (MPRL), and the South Auckland Package.
- Takitimu North Link Stage 1 ^{s 9(2)(g)(i)} it is proposed that decision making for this project will also remain with Joint Ministers and sit outside the set of projects delegated to delivery agencies.
- Extensive consultation with Waka Kotahi, KiwiRail, and the Treasury has been conducted in the development of the Delegation Letters.

Recommendations

We recommend you:

- 1 **Sign** the attached Delegation Letters. Yes / No
- 2 **Agree** that by signing the attached delegation letter as Annex 1, remaining Joint Ministers tagged contingency of \$90 million in O Mahurangi Penlink will be moved to delivery agency allocation. Yes / No
- 3 **Agree** that by signing the attached delegation letter as Annex 1, remaining Joint Ministers tagged contingency of s 9(2)(b)(ii), s 9(2)(j) Whangārei to Port Marsden will be moved to delivery agency allocation. Yes / No
- 4 s 9(2)(f)(iv)
- 5 **Approve** Joint Ministers retaining decision-making authority for Takitimu North Link Stage 1, and for this project to be managed separately from projects where authority has been delegated to Waka Kotahi. Yes / No
- 6 **Note** that the Cabinet [DEV-22-MIN-0296 refers] agreed to provide funding of s 9(2)(b)(ii) from the *New Zealand Upgrade Projects – Tagged Capital Contingency* to support addressing cost increases, retaining s 9(2)(b)(ii), s 9(2)(j) this in the tagged contingency to support further decisions by Joint Ministers on scope changes.
- 7 **Agree** that subsequently Joint Ministers approved to provide s 9(2)(b)(ii), s 9(2)(j) of the *New Zealand Upgrade Projects – Tagged Capital Contingency* national scope components for the following projects from the s 9(2)(b)(ii) established through Cabinet decisions [DEV-22-MIN-0296 refers] for scope changes (OC221070 refers): Yes / No

Project	Baseline Approved Funding (\$m)	Additional Funding (\$m)
Drury Rail Stations	495	74
Canterbury Package	s 9(2)(b)(ii)	
Queenstown Package		
Total		

- 8 **Approve** the following changes to appropriations to give effect to the decisions highlighted in recommendation 2, 3 and 7 above, with a corresponding impact on net debt. Yes / No

Vote Transport Minister of Transport	\$m – increase/(decrease)	
	2024/25 - 2026/27	2027/28 & Outyears
Non-departmental Capital Expenditure:		
Capital Investment Package - Funding for Crown assets MYA	s 9(2)(b)(ii)	-
Total Capital		-

- 9 **Note** that the indicative spending profile for the multi-year appropriation described in recommendation 8 above is as follows:

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-departmental Capital Expenditure:					
Capital Investment Package - Funding for Crown assets MYA	-	§ 9(2)(b)(ii)	-	-	-
Total Capital	-		-	-	-

- 10 **Approve** the following changes to appropriations to give effect to the decisions highlighted in paragraph 7 above, with a corresponding impact on net debt:

Yes / No

	\$m – increase/(decrease)				
Vote Transport Minister of Transport	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-departmental Capital Expenditure:					
Rail – KiwiRail Holdings Limited	-	-	§ 9(2)(b)(ii)	-	-
Total Capital	-	-		-	-

- 11 **Agree** that the proposed change to appropriations in recommendation 8 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
- 12 **Agree** that the capital expenditure incurred under recommendation 8 and 10 above be charged against the New Zealand Upgrade Transport Projects – Tagged Capital Contingency described in recommendation 2, 3, 6 and 7 above.

Yes / No

Yes / No

- 13 **Note** that, following the adjustment detailed in recommendation 12 above, the remaining balances and indicative phasing of the capital contingency described in recommendation 2, 3 and 6 will be:

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
New Zealand Upgrade Transport Projects – Tagged Capital Contingency	s 9(2)(b)(ii), s 9(2)(j)				

- 14 **Note** that the tagged capital contingency described in recommendation 13 above will expire on 1 February 2030.
- 15 **Note** that s 9(2)(b)(ii), s 9(2)(j) remaining in the capital contingency for financial year 2023/24 was ringfenced by the Cabinet for the non-NZUP Christchurch Public Transport Futures project reliant on confirmation of the funding profile of all potential co-funders for this programme (DEV-22-MIN-0297 refers).

Hon Grant Robertson
Minister of Finance

..... / /

Andrew Hicks

Andrew Hicks
Acting Manager, Programme Assurance and Commercial

13 / 07 / 2023

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Andrew Hicks, Acting Manager, Programme Assurance and Commercial	s 9(2)(a)	✓
Aadi Machra, Adviser, Programme Assurance and Commercial		

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

UPDATE TO THE KIWIRAIL AND WAKA KOTAHI DELEGATION LETTERS FOR THE NEW ZEALAND UPGRADE PROGRAMME

Background

- 1 In December 2022, as part of the Centralised Cost Escalation Process Cabinet [DEV-22-MIN-0296] agreed to fund genuine and immediate cost escalation outside the control of agencies. In February 2023, Joint Ministers were also provided with advice on four large projects in the early stages of development (OC230081 / T2022/2785 refers) and agreed to:

- .1.1 s 9(2)(f)(iv) [REDACTED]
- .1.2 requested KiwiRail undertake a full detailed design phase for MPRL, including consideration of scope reduction and to provide greater certainty of cost; and
- .1.3 agreed to reprioritise s 9(2)(b)(ii) [REDACTED] from South Auckland Package to Whangārei to Port Marsden (W2PM).

- 2 In April 2023, Joint Ministers subsequently agreed (OC221070 refers) that an amended delegation structure was required to empower delivery agencies to make decisions on scope and outcomes trade-offs across projects to enable them to manage within the approved funding envelopes. s 9(2)(f)(iv) [REDACTED]

Financial Implications

- 3 In 2022, the Minister of Finance invited 13 NZUP transport projects into the centralised cost escalation claims process s 9(2)(b)(ii) [REDACTED]

- 4 s 9(2)(b)(ii), s 9(2)(f) [REDACTED]

- 5 s 9(2)(f)(iv) [REDACTED]

6

s 9(2)(f)(iv), s 9(2)(j)

7

Updated Delegations

8 The updated delegation letters (Annexes One and Two refer) enable delivery agencies to develop options that are 'affordable' within the fixed funding envelope and requires advising Joint Ministers of the proposal and the components of scope or outcomes that would not be delivered.

9 The revised delegations represent a shift from the existing arrangements, reflecting that the context has changed since NZUP was initiated in 2020. This approach means a shift away from Ministers having levers to make detailed calls on scope and outcomes for those projects in or near delivery and better-enables delivery agencies to ensure there is confidence in delivery and take a risk-based approach to managing cost.

10

s 9(2)(f)(iv)

11 Joint Ministers will retain Tagged Contingency for Ō2NL, MPRL and the South Auckland Package which will be held centrally under Crown control. Appropriation of tagged contingency will be managed by Joint Ministers with advice from delivery agencies, the Ministry of Transport and the Treasury.

Project specific risks and upcoming decisions

12

s 9(2)(f)(iv)

13 Joint Ministers retain decision-making authority for four projects - MPRL, Ō2NL, Takitimu North Link Stage 1 and the South Auckland Package. s 9(2)(f)(iv)

Takatimu North Link Stage 1

14

s 9(2)(f)(iv) and s9(2)(g)(i)

s 9(2)(f)(iv) and s9(2)(g)(i)

15

16

17

s 9(2)(f)(iv) and s9(2)(g)(i)

It is proposed that Joint Ministers will retain decision-making for Takitimu North Link Stage 1. Waka Kotahi will continue to manage this project separately and report to Joint Ministers for necessary decisions, s 9(2)(b)(ii)

South Auckland Package

- 18 The South Auckland Package is currently in the business case development stage. Waka Kotahi will collaborate with MOT and the Treasury during this phase to provide early feedback and enable the development of necessary advice or briefings before submission to Joint Ministers for decisions.
- 19 Subject to Waka Kotahi Board endorsement, the South Auckland Package business case will be submitted to Joint Ministers in August 2023 for approval. Joint Ministers will need to consider allocation of tagged contingency alongside business case approval.

Marsden Point Rail Link (MPRL)

- 20 For the MPRL project, Joint Ministers have requested that KiwiRail undertake a full detailed design phase, including scope reduction considerations to provide greater cost certainty (OC221070 refers). As indicated by Joint Ministers, the aim is to deliver the MPRL in an efficient and proportionate way, aligned with community and stakeholder expectations.
- 21 Decisions on additional funding for implementation and completion of the project have been deferred to a future budget process (OC221070 refers). KiwiRail will not revisit decisions made by Cabinet for the MPRL including the strategic and economic case or option selection, as per the 2021 KiwiRail Delegation Letter.

Ōtaki to North of Levin (Ō2NL)

- 22 Joint Ministers intend to deliver the Ō2NL project as a four-lane, offline expressway from Ōtaki to North of Levin. s 9(2)(f)(iv)

- 23 Pre-implementation will continue within the approved funding. s 9(2)(f)(iv) and s9(2)(g)(i)

- 24 Waka Kotahi, with input from MOT and the Treasury will provide further detailed advice on options for Joint Ministers to progress with Ō2NL.

Next steps

- 25 Upon receiving decisions from you as the Joint Ministers on the recommendations stated in this paper, MOT will facilitate the drawdown from the *New Zealand Upgrade Projects – Tagged Capital Contingency* appropriation accordingly.
- 26 Upon approval of the attached updated delegations' letters as Annexes One and Two we will work with your offices to provide these to delivery agencies and update on their responses.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

ANNEX 1: WAKA KOTAHI DELEGATIONS LETTER

Hon David Parker BCom, LLB

Attorney-General
Minister for the Environment
Minister of Revenue
Minister of Transport
Associate Minister of Finance



Dr Paul Reynolds
Chair, Waka Kotahi New Zealand Transport Agency Board
Private Bag 6995
Wellington 6141

Dear Dr Paul Reynolds,

Thank you for your continued cooperative work with KiwiRail, Te Manatū Waka Ministry of Transport and the Treasury, and for the progress made to date with the New Zealand Upgrade Programme (NZUP). As the majority of projects in the NZUP are now in delivery, or nearing delivery, it is timely to consider optimal arrangements to enable continued momentum on these important initiatives. This letter updates and replaces previous delegations and restates ministerial expectations on the Programme. All reporting, drawdowns, oversight and monitoring arrangements remain the same as per the previous September 2021 delegation letter to the agencies, the details of which can be found in Appendix 1.

The Minister of Finance and I (as Joint Ministers) agree to amend the delegation structure for project level decisions, including scope and scaling decisions, to the Waka Kotahi Board. These amendments are in addition to the previously agreed individual project level decision delegations to Waka Kotahi listed in Table 1 below. These delegations aim to provide delivery agencies with the flexibility to utilise existing capabilities to deliver projects while recognising the Government's role as funder and over-arching owner of the Programme, and the reporting requirements that apply.

I authorise the Waka Kotahi Board to subdelegate, to the extent permitted by law (including the Crown Entities Act 2004 and the Land Transport Management Act 2003), any functions and powers I delegate to it with respect to the NZUP. Any sub-delegation is subject to the same restrictions, and with the same effect, as if the subdelegate were the delegate. My intention is for Waka Kotahi to be able to subdelegate NZUP-related functions and powers to support efficient and effective decision-making and delivery on NZUP alongside its other programmes of work.

As previously stated, Joint Ministers retain the right to review, amend or revoke the delegations and conditions at any time. For the absence of doubt, the Government remains the funder and owner of the Programme and any change to delegations will not change the Government's

responsibility to reimburse Waka Kotahi for project spend and commitments reasonably incurred.

Expectations set out in this letter are drawn from and align with the information provided in the briefing New Zealand Upgrade Programme: Overarching Advice (reference OC221070).

The new delegations outlined will continue to place a high level of reliance on Waka Kotahi's internal monitoring and assurance processes to escalate risks and issues to me. I will continue to hold the Waka Kotahi Board directly accountable to provide comprehensive assurance and a high level of accountability and transparency to me on the Programme.

While Joint Ministers have amended the delegation structure, it is paramount that delivery momentum is maintained, and no projects are paused unless there are specific cost, scope or delivery risks that require further consideration. I expect Waka Kotahi to work with officials to determine whether to escalate the matter to Joint Ministers prior to effecting any changes.

The Eastern Busway, Community Connect, s 9(2)(b)(ii) and the Christchurch Public Transport Futures projects, which s 9(2)(b)(ii) are not part of the NZUP portfolio.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Table 1

Delegated Authority	Project	Total approved funding (\$m)	Delivery Agency allocation (\$m)	Joint Ministers' Tagged Contingency (\$m)
Waka Kotahi	Whangārei to Port Marsden	s 9(2)(b)(ii)		0
	O Mahurangi Penlink	830	830	0
	Northern Pathway close down costs	51	51	0
	Papakura to Drury South Stage 1	s 9(2)(b)(ii)		0
	Takitimu North Link Stage 2	57	57	0
	SH1/29	s 9(2)(b)(ii), s 9(2)(i)		0
	Melling			0
	SH58			0
	Canterbury Package			0
	Queenstown Package			0
	Waka Kotahi Contingency			0
	Sub-total			0
KiwiRail	Whangārei to Otiria	90	90	0
	Wiri to Quay Park – Third Main	318	318	0
	Papakura to Pukekohe Electrification	419	419	0
	Drury Rail Stations	569	569	0
	Wairarapa Rail Upgrades	129	129	0
	Wellington Railway Station Safety Improvements	115	115	0
	Capital Connection Rolling Stock Refurbishment	26	26	0
	Ashburton Freight Hub	2.5	2.5	0
	Sub-total	s 9(2)(b)(ii), s 9(2)(i)		
Joint Ministers	Marsden Point Rail Link			
	South Auckland			
	Takitimu North Link Stage 1			
	Ōtaki to North of Levin			
	Sub-total			
	Programme Total			

Delegations

Delegated Authority

For all projects, excluding those where Ministers have retained decision-making, as Joint Ministers we have decided to delegate authority to Delivery Agencies to stop or defer some scope components where a project cannot be delivered in full within its approved funding amount. Delivery Agencies do not have delegation to pause or stop a project in its entirety.

Delivery Agencies may reallocate funding between these projects to manage costs across the programme. These projects are listed in Table 1 with the delegated authority to Waka Kotahi. The delegations are updated to enable Waka Kotahi to manage the projects within the approved funding across the projects Waka Kotahi is responsible for.

While Joint Ministers have delegated authority to Delivery Agencies, I expect you to work closely with the Ministry of Transport and the Treasury Officials on any changes which significantly impact the outcomes and benefits of projects and to escalate these to me as appropriate. To reduce the burden of reporting, I expect a summary of any significant decisions (including those that do not reduce or change outcomes and benefits) made and their impacts to be included in the bi-monthly programme update briefing (copying the Ministry of Transport and the Treasury).

Officials from the Ministry of Transport and the Treasury must be consulted on any significant proposed scope changes of projects prior to decisions being finalised by Waka Kotahi, where the cost of scope components stopped or deferred significantly impacts project outcomes and benefits. I expect Waka Kotahi to work with officials to determine whether to escalate the matter to the Joint Ministers prior to effecting any changes.

For projects where we have delegated authority to the Delivery Agencies, all amounts under the column heading "Delivery Agency allocation" will be appropriated. Delivery Agencies have delegated authority across these projects to manage underspends to be available for forecast overspends in a prudent and transparent manner. Contracts of any value may be awarded, noting that I expect to be briefed prior to awarding contracts over \$100 million. For projects that have been awarded the main construction contract, I expect to be notified if construction start and/or construction end is delayed by more than 3 months, with reference to the timelines most recently advised to Joint Ministers and as of the date of this letter.

s 9(2)(f)(iv)

Retained decision-making for projects where Ministers have delegated authority

Joint Ministers will retain decision-making rights for the following projects: Marsden Point Rail Link, Ōtaki to north of Levin, South Auckland Package and Takitimu North Link Stage 1.

For Marsden Point Rail Link, Ōtaki to north of Levin, South Auckland Package, Joint Ministers' Tagged Contingency (refer Table 1) is held centrally under Crown control (refer to Appendix 1). Appropriation of tagged contingency will be managed by Joint Ministers with advice from Waka Kotahi, the Ministry of Transport and the Treasury. For South Auckland, the allocation of this contingency will be considered as part of and alongside decisions on the business case for that package. For Ōtaki to north of Levin, we confirm that \$1,500m is committed for use by Waka Kotahi on this project

The retention of delegations by Joint Ministers for Takitimu North Link Stage 1 s 9(2)(f)(iv) and s9(2)(g)(i) managed and reported separately.

In closing, please convey our thanks to the Board and all staff members for their dedication and hard work on the Programme since early 2020. We look forward to continuing to work together with you as the Programme progresses in 2023 and beyond. We are confident that Waka Kotahi will deliver its projects, consistent with the expectations set out above. I look forward to your favourable response.

Yours sincerely

Hon David Parker
Minister of Transport

Copy: Hon Grant Robertson
Minister of Finance

Nicole Rosie
Chief Executive, Waka Kotahi NZ Transport Agency

Audrey Sonerson
Chief Executive, Ministry of Transport

Appendix 1 Sections that remain unchanged from the previous Delegation Letter:

Delegations

Joint Ministers' Tagged Contingency (refer Table 1) is held centrally under Crown control. Appropriation of tagged contingency will be managed by Joint Ministers with advice from Waka Kotahi, the Ministry of Transport and the Treasury. Business cases require Joint Ministers' approval to access this contingency. Business cases should follow the Treasury's Better Business Case guidance and be supported by an Assurance Plan, Project Management Plan, and Quantitative Risk Analysis.

Oversight and monitoring

The Treasury and Ministry of Transport have a shared responsibility for monitoring the Programme. The Treasury is responsible for developing and maintaining the integrity of the investment management and asset performance system under CO (19) 6 and advises the Minister of Finance (as a Joint Minister) on implementation of the Programme. The Treasury is the recipient of Programme drawdown requests from KiwiRail as the funds are provided by way of shareholder equity injection, and advises shareholding Ministers, in consultation with the Ministry of Transport, on the payment of those funding requests. The Treasury is the monitor of KiwiRail's performance as a State Owned Enterprise (SOE).

The Ministry of Transport is the Government's system lead on transport and advises me as a Joint Minister for the Programme. The Ministry of Transport is accountable for the funds appropriated to the Programme and is the primary contact for drawdown requests from Waka Kotahi, which it authorises in consultation with Treasury. The Ministry of Transport is the monitor of Waka Kotahi.

The Ministry of Transport will monitor the Programme with the Treasury. However, it is not accountable for Programme assurance or the identification of project risks. Instead, the Ministry of Transport will undertake its standard role to Vote Transport accountability, with an additional ability to review reporting and escalate as appropriate.

I expect you to provide the Ministry of Transport with timely information on the phasing of forecast Programme expenditure in future financial years, to support good Vote Management practises including Vote baselines updates.

Joint Ministers have decided on an oversight arrangement that provides increased implementation flexibility. I have reduced Waka Kotahi's reporting requirements, noting that reporting will still be required to the monitoring agencies for the Programme, the Ministry of Transport and the Treasury, and reporting will no longer be reviewed by an Independent Oversight Group. This reflects my trust in Waka Kotahi and your direct accountability for Waka Kotahi's delivery of its share of the Programme.

In placing comprehensive assurance and a high level of accountability on you, I expect a fully engaged and effective Board. I expect the Board to consider Waka Kotahi's own internal assurance, systems, policies, processes, particularly around those that ensure that each project has a completed and up-to-date Assurance Plan, Project Management Plan, Quantitative Risk Assessment, and Gateway Review for projects and the Programme where appropriate.

The Department of Prime Minister and Cabinet Implementation Unit (the Implementation Unit) has been directed to assess the working arrangements between agencies and officials that support the delivery of the transport component of the Programme, to help ensure that the new governance structures are embedded rapidly and to advise on any improvements required to existing monitoring and performance reporting arrangements.

Reporting

I expect to receive reports on all projects in the Programme as listed in Table 1 directly from Waka Kotahi on a monthly basis. I expect good practice reports that will advise on expected outcomes, benefits, scope, cost, schedule and risk for each project.

So as not to create duplicative effort, I expect to receive copies of your regular monthly programme portfolio report (as provided to the joint Waka Kotahi and KiwiRail NZUP Governance Group or your Boards). I expect to be appraised outside of the regular reporting cycle as soon as practicable of material risks and issues in relation to projects on a no-surprises basis.

You are expected to provide further copies of reports to the Ministry of Transport, the Treasury and the Implementation Unit.

Climate Impact of the Programme

Further to the work done to date on the CIPAs for the Programme, I note that there is a significant amount of embodied emissions associated with the construction of projects within the Programme. As the business cases and implementation phases for each project progress, I request that you investigate options for reducing the impact of emissions incurred during construction of the Programme. This could include for example:

- The potential for use of lower embodied emissions substitute materials (such as lower embodied carbon concrete, sourcing more recycled material where possible, limiting the amount of high embodied emissions materials used).
- Whether there is a possibility and significant emissions benefit of reducing direct fuel usage during the construction period of large projects.
- Whether more materials can be sourced locally to reduce the emissions associated with transport to and from the construction site.

I would appreciate information and updates on initiatives, innovations or construction methods that you are considering or developing, so that I can understand progress we are making on this important topic and the contribution this Programme is making to minimise the negative impacts of emissions on the environment.

Drawdown arrangements

The arrangements for drawdown of Crown funding for Waka Kotahi projects is dependent on the provision of actual expenditure incurred, forecast financial information, and an appropriately completed funding request, including agreed supporting information.

Drawdown requests should follow the following guidelines:

- Funds requested are to be for costs already incurred or that are required to be paid prior to the next scheduled drawdown request.
- Information to accompany requests should include:
- A breakdown of the request by:
- Project.
- Property (within each project).
- Other (within each project).
- A schedule of actual costs against forecast costs up to and beyond the period for which the drawdown is sought.
- Narrative in relation to any large or unusual items that is not otherwise available in the material supplied.
- A signed approval by an authorised signatory of Waka Kotahi.
- If reasonably requested by the Ministry of Transport, copies of original invoices and details of internal management costs.

Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand
+64 4 817 8710 | d.parker@ministers.govt.nz | beehive.govt.nz

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

ANNEX 2: KIWIRAIL DELEGATIONS LETTER

Hon David Parker BCom, LLB

Attorney-General
Minister for the Environment
Minister of Revenue
Minister of Transport
Associate Minister of Finance



David McLean
Chair,
KiwiRail Holdings Limited.
David@davidmclean.co.nz

Dear David,

Thank you for your continued cooperative work with Waka Kotahi, Te Manatū Waka Ministry of Transport and the Treasury, and for the progress made to date with the New Zealand Upgrade Programme (NZUP).

As the majority of projects in the NZUP are now in delivery, or nearing delivery, it is timely to consider optimal arrangements to enable continued momentum on these important initiatives. This letter updates and replaces previous delegations and restates expectations on the Programme. All reporting, drawdowns, oversight and monitoring arrangements remain the same as per the previous September 2021 delegation letter to the agencies, the details of which can be found in Appendix 1.

The Minister of Finance and I (as Joint Ministers) have agreed to amend the delegation structure for project level decisions, including scope and scaling decisions to the KiwiRail Board. These amendments are in addition to the previously agreed individual project level decision delegations to KiwiRail listed in Table 1 below. These delegations aim to provide KiwiRail with the flexibility to utilise existing capabilities to deliver projects while recognising the Government's role as funder and over-arching owner of the Programme, and the reporting requirements that apply.

As previously stated, as Joint Ministers we will retain the right to review, amend or revoke the delegations and conditions at any time. For the absence of doubt, the Government remains the funder and owner of the Programme and any change to delegations will not change the Government's responsibility to reimburse the delivery agency for project spend and commitments reasonably incurred.

My expectations set out in this letter are drawn from and align with the information provided to me in the briefing New Zealand Upgrade Programme: Overarching Advice (reference OC221070).

The new delegations outlined will continue to place a high level of reliance on KiwiRail monitoring and assurance processes to escalate risks and issues to me. I will continue to hold the KiwiRail Board directly accountable to provide comprehensive assurance and a high level of accountability and transparency to me on the Programme.

While we as Joint Ministers have amended the delegation structure, it is paramount that delivery momentum is maintained, and no projects are paused unless there are specific cost, scope or delivery risks that require further consideration. I expect KiwiRail to work with officials to determine whether to escalate the matter to the Joint Ministers prior to effecting any changes to projects.

Table 1

Delegated Authority	Project	Total approved funding (\$m)	Delivery Agency allocation (\$m)	Joint Ministers' Tagged Contingency (\$m)
Waka Kotahi	Whangārei to Port Marsden	s 9(2)(b)(ii)		0
	O Mahurangi Penlink	830	830	0
	Northern Pathway close down costs	51	51	0
	Papakura to Drury South Stage 1	s 9(2)(b)(ii)		0
	Takitimu North Link Stage 2	57	57	0
	SH1/29	s 9(2)(b)(ii)		0
	Melling			0
	SH58			0
	Canterbury Package			0
	Queenstown Package			0
	Waka Kotahi Contingency			0
	Sub-total			0
KiwiRail	Whangārei to Otiria	90	90	0
	Wiri to Quay Park – Third Main	318	318	0
	Papakura to Pukekohe Electrification	419	419	0
	Drury Rail Stations	569	569	0
	Wairarapa Rail Upgrades	129	129	0
	Wellington Railway Station Safety Improvements	115	115	0
	Capital Connection Rolling Stock Refurbishment	26	26	0
	Ashburton Freight Hub	2.5	2.5	0
	Sub-total	s 9(2)(b)(ii), s 9(2)(j)		
Joint Ministers	Marsden Point Rail Link			
	South Auckland			
	Takitimu North Link Stage 1			
	Ōtaki to North of Levin			
	Sub-total			
	Programme Total			

Table 1 contains the list of all NZUP projects along with details of the funding that has been allocated to delivery agencies and funding related to projects where Ministers have retained some decision-making rights.

Delegations

Delegated Authority

For all projects, excluding those where Ministers have retained decision-making, as Joint Ministers we have decided to delegate authority to Delivery Agencies to stop or defer some scope components where a project cannot be delivered in full within its approved funding amount. Delivery Agencies do not have delegate to pause or stop a project in its entirety.

KiwiRail is expected to manage their projects within the total approved funding they have been allocated. In order to do this KiwiRail may reallocate funding between projects to manage costs across the programme.

While Joint Ministers have delegated authority to delivery agencies, I expect you to work closely with the Ministry of Transport and the Treasury officials on any changes which significantly impact the outcomes and benefits of projects and to escalate these to me as appropriate. To reduce the burden of reporting, I expect a summary of any significant decisions made (including those that do not reduce or change outcomes and benefits) and their impacts to be included in the bi-monthly programme update briefing (copying the Ministry of Transport and the Treasury).

Officials from the Ministry of Transport and the Treasury must be consulted on any significant proposed project scope changes prior to decisions being finalised by KiwiRail, where the scope components stopped or deferred significantly impacts project outcomes and benefits. I expect KiwiRail to work with officials to determine whether to escalate the matter to the Joint Ministers prior to effecting any changes.

For projects where we have delegated authority to delivery agencies, all amounts under the column heading "Delivery Agency allocation" will be appropriated. delivery agencies have delegated authority across these projects to manage underspends to be available for forecast overspends in a prudent and transparent manner. Contracts of any value may be awarded, noting that I expect to be briefed prior to awarding contracts over \$100 million. For projects that have awarded the main construction contract, I expect to be notified if construction start and/or construction end is delayed by more than 3 months, with reference to the timelines most recently advised to Joint Ministers and as of the date of this letter.

Retained decision-making for projects where Ministers have delegated authority

Joint Ministers will retain some decision-making rights for projects where final funding levels are yet to be confirmed. These projects currently include Marsden Point Rail Link, Ōtaki to north of Levin, South Auckland Package and Takitimu North Link Stage 1. For these projects, Joint Ministers' Tagged Contingency (refer Table 1) is held centrally under Crown control (Appendix 1).

In closing, please convey our thanks to the Board and all staff members for their dedication and hard work on the Programme since early 2020. We look forward to continuing to work together with you as the Programme progresses in 2023 and beyond. We are confident that KiwiRail will deliver its projects, consistent with the expectations set out above. I look forward to your favourable response.

Yours sincerely

Hon David Parker
Minister of Transport

Copy: Hon Grant Robertson
Minister of Finance

Peter Reidy
Chief Executive, KiwiRail

Audrey Sonerson
Chief Executive, Ministry of Transport

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Appendix 1 Sections that remain unchanged from the previous Delegation Letter:

Delegations

Joint Ministers' Tagged Contingency (refer Table 1) is held centrally under Crown control. Appropriation of tagged contingency will be managed by Joint Ministers with advice from KiwiRail, the Ministry of Transport and the Treasury. Business cases require Joint Ministers' approval to access this contingency. Business cases should follow the Treasury's Better Business Case guidance and be supported by an Assurance Plan, Project Management Plan, and Quantitative Risk Analysis.

Oversight and monitoring

The Treasury and Ministry of Transport have a shared responsibility for monitoring the Programme. The Treasury is responsible for developing and maintaining the integrity of the investment management and asset performance system under CO (19) 6 and advises the Minister of Finance (as a Joint Minister) on implementation of the Programme. The Treasury is the recipient of Programme drawdown requests from KiwiRail as the funds are provided by way of shareholder equity injection, and advises shareholding Ministers, in consultation with the Ministry of Transport, on the payment of those funding requests. The Treasury is the monitor of KiwiRail's performance as a State Owned Enterprise (SOE).

The Ministry of Transport is the Government's system lead on transport and advises me as a Joint Minister for the Programme. The Ministry of Transport is accountable for the funds appropriated to the Programme and is the primary contact for drawdown requests from Waka Kotahi, which it authorises in consultation with Treasury. The Ministry of Transport is the monitor of Waka Kotahi.

The Ministry of Transport will monitor the Programme with the Treasury. However, it is not accountable for Programme assurance, or the identification of project risks. Instead, the Ministry of Transport will undertake its standard role to Vote Transport accountability, with an additional ability to review reporting and escalate as appropriate.

I expect you to provide the Ministry of Transport with timely information on the phasing of forecast Programme expenditure in future financial years, to support good Vote Management practises including Vote baselines updates.

Joint Ministers have decided on an oversight arrangement that provides increased implementation flexibility. I have reduced KiwiRail's reporting requirements, noting that reporting will still be required to the monitoring agencies for the Programme, the Ministry of Transport and the Treasury, and reporting will no longer be reviewed by an Independent Oversight Group. This reflects my trust in KiwiRail and your direct accountability for KiwiRail's delivery of its share of the Programme.

In placing comprehensive assurance and a high level of accountability on you, I expect a fully engaged and effective Board. I expect the Board to consider KiwiRail's own internal assurance, systems, policies, processes, particularly around those that ensure that each project has a completed and up-to-date Assurance Plan, Project Management Plan, Quantitative Risk Assessment, and Gateway Review for projects and the Programme where appropriate.

The Department of Prime Minister and Cabinet Implementation Unit (the Implementation Unit) has been directed to assess the working arrangements between agencies and officials that support the delivery of the transport component of the Programme, to help ensure that the new governance structures are embedded rapidly and to advise on any improvements required to existing monitoring and performance reporting arrangements.

Reporting

I expect to receive reports on all projects in the Programme as listed in Table 1 directly from KiwiRail on a monthly basis. I expect good practice reports that will advise on expected outcomes, benefits, scope, cost, schedule and risk for each project.

So as not to create duplicative effort, I expect to receive copies of your regular monthly programme portfolio report (as provided to the joint Waka Kotahi and KiwiRail NZUP Governance Group or your Boards). I expect to be appraised outside of the regular reporting cycle as soon as practicable of any relevant material risks and issues in relation to projects on a no-surprises basis.

You are expected to provide further copies of reports to the Ministry of Transport, the Treasury and the Implementation Unit.

Climate Impact of the Programme

Further to the work done to date on the CIPAs for the Programme, I note that there is a significant amount of embodied emissions associated with the construction of projects within the Programme. As the business cases and implementation phases for each project progress, I request that you investigate options for reducing the impact of emissions incurred during construction of the Programme. This could include for example:

- The potential for use of lower embodied emissions substitute materials (such as lower embodied carbon concrete, sourcing more recycled material where possible, limiting the amount of high embodied emissions materials used).
- Whether there is a possibility and significant emissions benefit of reducing direct fuel usage during the construction period of large projects.
- Whether more materials can be sourced locally to reduce the emissions associated with transport to and from the construction site.

I would appreciate information and updates on initiatives, innovations or construction methods that you are considering or developing, so that I can understand progress we are making on this important topic and the contribution this Programme is making to minimise the negative impacts of emissions on the environment.

Drawdown arrangements

The arrangements for drawdown of Crown funding for KiwiRail projects is dependent on the provision of forecast cashflows and agreed supporting information from the KiwiRail Board. The drawdown of Crown funding for this Programme will follow existing arrangements for share subscription and release of equity funding between KiwiRail and the Treasury.

Drawdown requests should follow the following guidelines:

- Funds requested are to be for costs already incurred or that are required to be paid prior to the next scheduled drawdown request.
- Information to accompany requests should include:
- A breakdown of the request by:
- Project.
- Property (within each project).
- Other (within each project).
- A schedule of actual costs against forecast costs up to and beyond the period for which the drawdown is sought.
- Narrative in relation to any large or unusual items that is not otherwise available in the material supplied.
- A signed approval by an authorised signatory of KiwiRail.
- If reasonably requested by the Ministry of Transport, copies of original invoices and details of internal management costs.

Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand
+64 4 817 8710 | d.parker@ministers.govt.nz | beehive.govt.nz

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982



19 July 2023

OC230017

Hon David Parker

Action required by:

Minister of Transport

Friday, 4 August 2023

PROCLAMATION OF MĀORI LAND (HIMATANGI 2A6 BLOCK) AS A ROAD UNDER SECTION 321 OF TE TURE WHENUA MĀORI ACT 1993

Purpose

To request that you sign both the attached proclamation and the attached memorandum to the Governor-General recommending that Her Excellency sign the attached proclamation, declaring the land in Foxton known as part of Paranui Road as a road.

Key points

- The Māori Land Court can make orders under Te Ture Whenua Māori Act 1993 (the Act) recommending Māori freehold land be declared as road. Such orders are implemented by the Governor-General signing a proclamation, which is then notified in the Gazette. As Minister of Transport, your role in the process is to make a recommendation to the Governor-General that she sign the proclamation.
- This briefing concerns Māori freehold land in Foxton. A parcel of land off Paranui Road is being used as a public road, but has not been declared a road under the Act. The Māori Land Court has recommended to you that this land be declared a road and vested in the territorial authority, the Horowhenua District Council.
- For the reasons set out in this briefing we recommend that you make this recommendation to the Governor-General.
- Before you make a recommendation, the criteria in sections 320 and 321 of the Act must be satisfied. For the reasons set out below we consider that the statutory criteria has been met.
- The proclamation does not need to go to Cabinet or the Executive Council. In accordance with the *CabGuide*, the proclamation should be sent to the Cabinet Office who will arrange for it to be presented to the Governor-General.
- We would be grateful if you could action this briefing by 4 August 2023. This will enable, once the process is then completed, for the Horowhenua District Council and the landowner to conclude their agreement for the land to become a road.

Recommendations

We recommend you:

- 1 **agree** to recommend that the Governor-General sign the attached Proclamation, proclaiming the land on Title Plan SO 28045 Part 2A6 "coloured blue" as road; Yes / No
- 2 **sign** both the Proclamation and the covering Memorandum; and Yes / No
- 3 **forward** the Proclamation and the covering Memorandum to the Cabinet Office for consideration by the Governor-General. Yes / No
- 4 **agree**, subject to you signing the Proclamation and it being signed by the Governor-General, to authorise the Ministry of Transport to publish a notice in the *Gazette*. Yes / No

Brendan Booth
Chief Legal Adviser

..... / /

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siany O'Brien, Solicitor	s 9(2)(a)	✓
Brendan Booth, Chief Legal Adviser		

PROCLAMATION OF MĀORI LAND (HIMATANGI 2A6 BLOCK) AS A ROAD UNDER SECTION 321 OF TE TURE WHENUA MĀORI ACT 1993

Context

- 1 Paranui Road in Foxton passes through Māori freehold land known as Himatangi 2A6 Block. The section of land shown on Title Plan SO 28045 Part 2A6 “coloured blue” (the Land) is used as a public road and maintained by Horowhenua District Council (the Council), but has not been declared as road under the Act. The Māori Land Court has made a recommendation to you that the Land be formally declared as road.

Proclamation declaring road

- 2 Under sections 320 and 321 of the Act, the Governor-General may, by proclamation, declare that Māori freehold land that has been used as but not set apart as road, be declared a road. The proclamation must be made in accordance with the recommendation of the Māori Land Court to you, and with the consent of the territorial authority in whose district the land is situated.
- 3 On 15 November 2022, the Māori Land Court in the Aotea District recommended that the Land be declared a road.
- 4 A copy of the Māori Land Court recommendation is attached as Annex 1.
- 5 A copy of the Title Plan SO 28045 is attached as Annex 2.
- 6 The written consent of the Horowhenua District Council is attached as Annex 3.
- 7 To give effect to the Māori Land Court's recommendation, the following documents have been prepared:
 - 7.1 memorandum to the Governor-General providing brief and additional information on the proposed proclamation (attached as Annex 4).
 - 7.2 proclamation to be signed by you and the Governor-General, and published in the *Gazette* by the Ministry of Transport, declaring the Land as road (attached as Annex 5).

Risks and impacts

- 8 No substantive risks have been identified in proclaiming the Land as road.

**ANNEX 1 – RECOMMENDATION BY THE MĀORI LAND COURT
UNDER SECTION 321 TE TURE WHENUA MĀORI ACT 1993**

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

**ANNEX 2 – TITLE PLAN FOR HIMATANGI LAND TO BE DECLARED
AS ROAD**

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

**ANNEX 3 – JOINT MEMORANDUM OF COUNSEL – EVIDENCE OF
HOROWHENUA DISTRICT COUNCIL’S CONSENT FOR ROAD
DECLARATION**

Annex 3 is withheld in full under Section 9(2)(h).

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

**ANNEX 4 – MEMORANDUM TO THE GOVERNOR-GENERAL
PROVIDING CONTEXT FOR THE PROCLAMATION**

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

**ANNEX 5 – PROCLAMATION DECLARING HIMATANGI LAND AS
ROAD**

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

ORDER DECLARING A ROADWAY

Te Ture Whenua Māori Act 1993, Section 321

In the Māori Land Court
of New Zealand
Aotea District

IN THE MATTER of the land known as Part
Himatangi 2A6 block being all the
land contained in Record of Title
WN45D/764 (Wellington Registry)

AND

IN THE MATTER of Survey Office Plan SO 28045
"coloured blue" containig 1.3455
hectares more or less

AT a sitting of the Court held at Whanganui on 15 November 2022 before Aidan Henry
Charles Warren, Judge

WHEREAS application has been filed by Owen Alan Greig, director of Hochi Land Company
Limited, being the sole owner of the block, to declare part of a road as a roadway

AND WHEREAS the Court has this day, declared that the roadway contained in Survey
Office Plan 28045 containing 1.3455 hectares and laid over the land known Himatangi 2A6
has been used as a road although the area has not been previously declared a roadway

NOW THEREFORE the Court upon reading and hearing all evidence in support and being
satisfied on all matters upon which it is required to be so satisfied **HEREBY RECOMMENDS**
pursuant to section 321 of Te Ture Whenua Maori Act 1993 that **A ROADWAY BE LAID OUT**
over the parcel containing 1.3455 hectares and delineated on Survey Office Plan SO 28045
"coloured blue" subject to the terms and conditions listed in the schedule attached hereto.

AS WITNESS the hand of a Judge and the seal of the Court.



2.

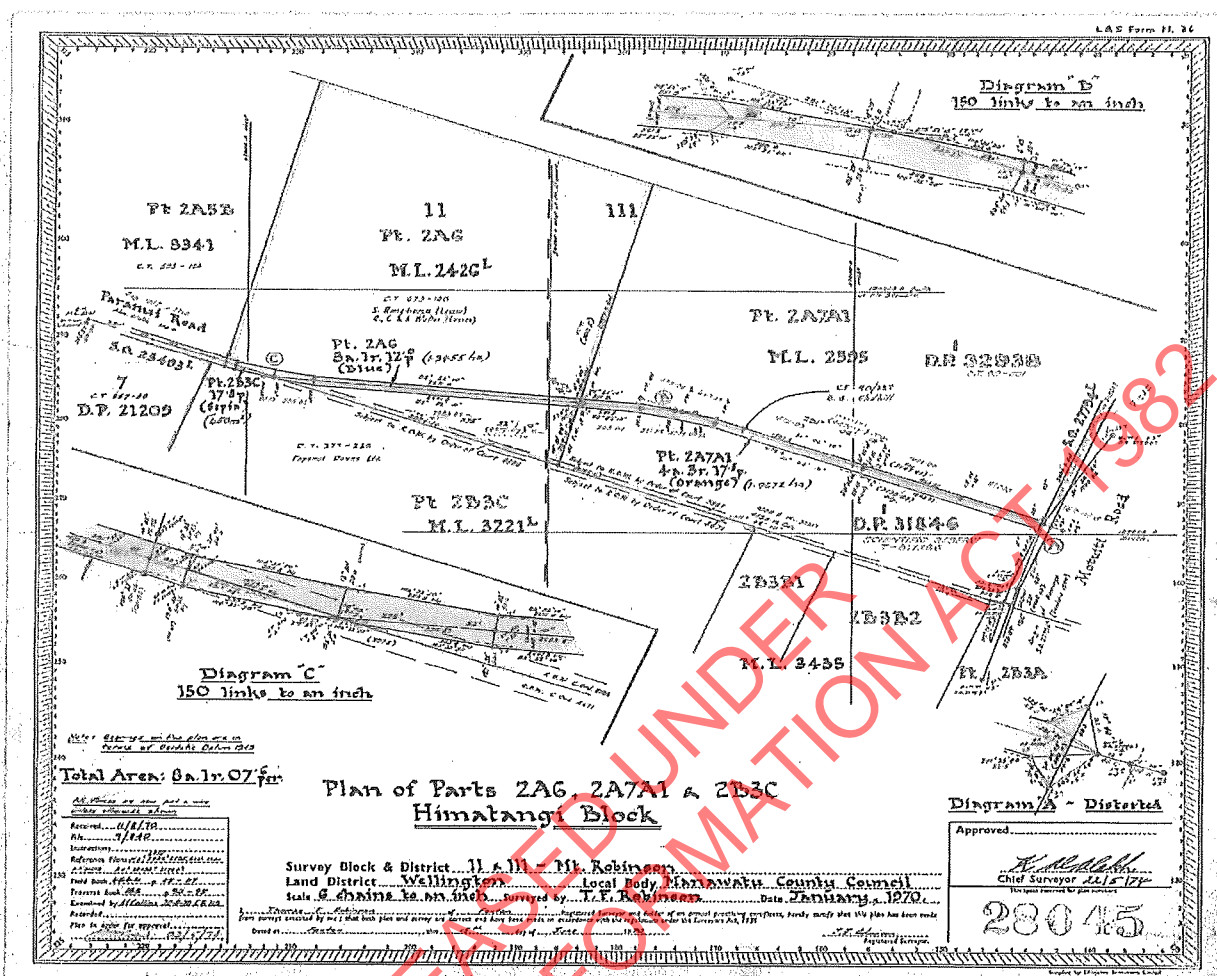
SCHEDULE

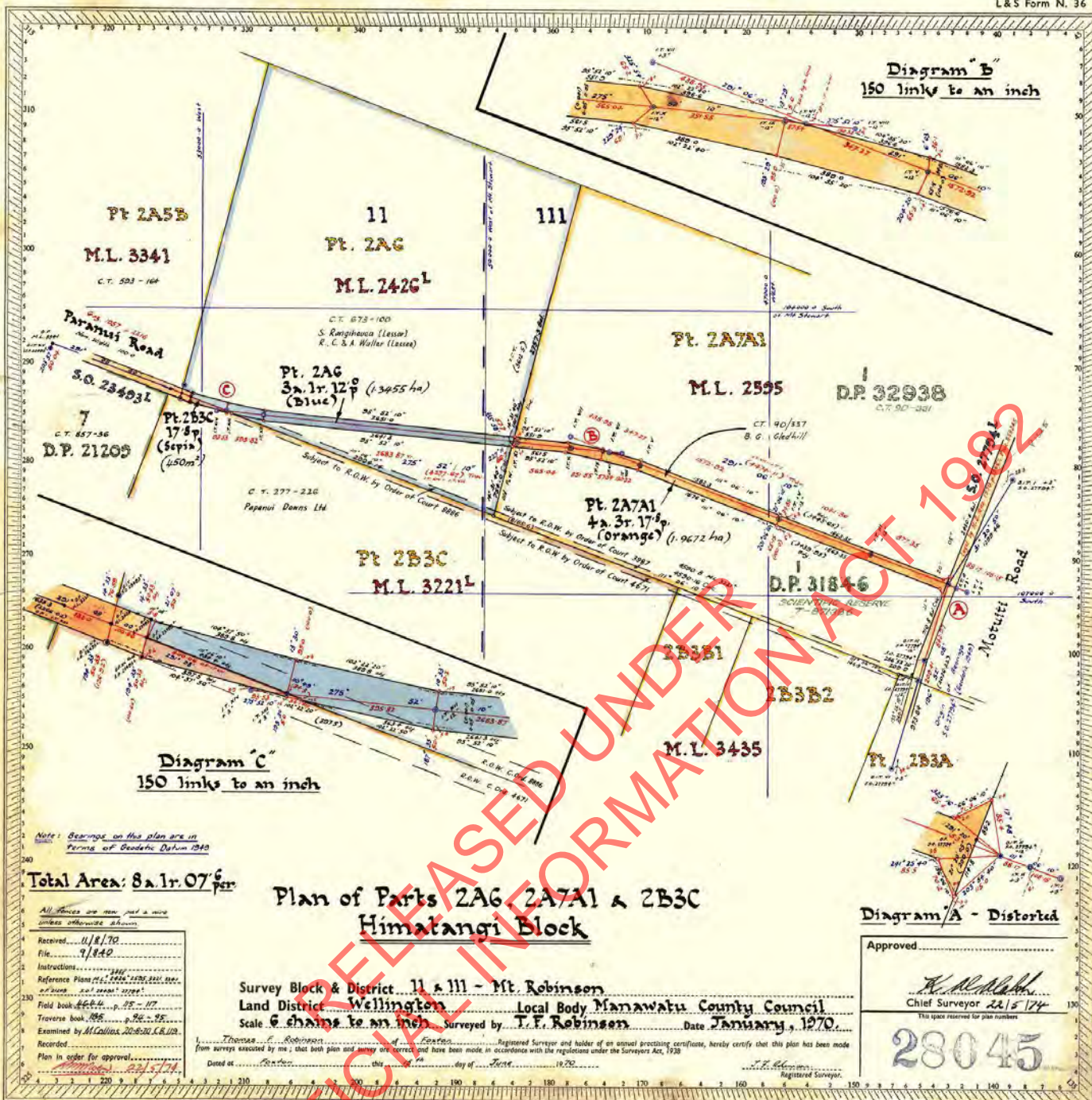
Terms and conditions:

- Conditions laid out in the in the memorandum for the Court dated 16 March 2022 and:
- Payment by the Horowhenua District Council to Owen Alan Greig as director of Hochi Land Company Limited as to the sum agreed, such sum to be payable on the gazetting of a proclamation declaring the road area to be in accordance with section 320 of the Act

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982







OFFICE OF THE MINISTER OF TRANSPORT

Memorandum to the Governor-General on proposed proclamation declaring roadway to be road under section 321 of Te Ture Whenua Māori Act 1993**1 Purpose**

The purpose of the attached proclamation is to declare an area of land used as roadway over Māori freehold land as a formal road, following a recommendation of the Māori Land Court.

2 Details of the Area of Land

The land in question is part of Paranui Road, Foxton shown on Title Plan SO 28045 and described as follows:

Legal description	LINZ ref	Area
Survey Office Plan 28045 Part 2A6 "coloured blue" (currently contained in Himatangi 2A6)	WN45D/764	1.3455 ha

3 Background

On 15 November 2022, the Māori Land Court in the Aotea District recommended to me that the roadway described above be declared a road. This parcel of land is already used as a public road and maintained by the Horowhenua District Council, but has not been formally declared as road. The land is situated in the district of the Horowhenua District Council and the Council consents to the land being declared a road.

4 Authority

Section 321 of Te Ture Whenua Māori Act 1993 provides that you may, by proclamation, declare that land comprised in a roadway be declared a road. That declaration may only be made in accordance with the recommendation of the Māori Land Court to me and with the consent of the territorial authority in whose district the land is situated.

Hon David Parker
Minister of Transport

Roadway declared road in the Horowhenua Land District**GOVERNOR-GENERAL****A PROCLAMATION**

Pursuant to section 321 of Te Ture Whenua Māori Act 1993, and in accordance with a recommendation made by the Māori Land Court to the Minister of Transport, I, the Right Honourable Dame Cindy Kiro, Governor-General of New Zealand, hereby declare that the land described in the Schedule hereto shall be road vested in the Horowhenua District Council.

SCHEDULE**HOROWHENUA LAND DISTRICT**

Part of Himatangi 2A6 shown on plan SO 28045 described as follows.

Legal description	LINZ ref	Area
Survey Office Plan 28045 Part 2A6 "coloured blue" (currently contained in Himatangi 2A6)	WN45D/764	1.3455 ha

Given under the hand of Her Excellency the Governor-General of New Zealand, and issued under the Seal of New Zealand this day of 2023.

Hon David Parker
Minister of Transport

GOD SAVE THE KING!



19 July 2023

OC230330

Hon David Parker

Action required by:

Minister of Transport

Monday, 31 July 2023

TOTAL MOBILITY REVIEW (TERMS OF REFERENCE)

Purpose

To seek your approval of the finalised Terms of Reference for the review of the Total Mobility Scheme.

Key points

- The Total Mobility Scheme provides discounted transport services to people who are unable to use buses, trains or ferries in a safe and dignified manner because of a physical, intellectual, psychological, sensory or neurological disability.
- Reviewing Total Mobility is one of the actions the Ministry has committed to under the all of government Disability Action Plan 2019-2023.
- In August 2022, Waka Kotahi NZ Transport Agency published the research report *Transport experiences of disabled people in Aotearoa New Zealand*. This research found that Total Mobility costs time and effort and is sometimes an unreliable or unavailable transport option.
- The last review of Total Mobility was completed in 2005 and did not result in meaningful improvements to accessibility. An updated review of Total Mobility was signalled to the sector in 2021. It is timely to review Total Mobility to identify key issues and take action to improve the effectiveness of the scheme.
- We are seeking your approval of the finalised Terms of Reference for the Total Mobility review (Annex 1). We shared the draft Terms of Reference with the then Minister of Transport Hon Michael Wood in April 2022 [OC220220 *refers*]. Since then, it has been circulated to stakeholders and their feedback has been incorporated into the finalised version.
- One of the key pieces of feedback received by stakeholders was the importance of upholding disabled people's rights. The finalised Terms of Reference includes reference to the United Nations' Convention on the Rights of Persons with Disabilities (UNCRPD). It also notes the review aligns with the New Zealand Disability Strategy and associated Disability Action Plan 2019-2023.
- It is expected that the Total Mobility review will be completed in late 2024.

Recommendations

We recommend you:

- 1 **agree** to the finalised Terms of Reference for the Total Mobility Review (Annex 1) Yes / No
- 2 **note** the draft Terms of Reference was shared with Total Mobility stakeholders and their feedback has been incorporated into the finalised version
- 3 **note** that the estimated completion date for the review is late 2024



Helen White
Manager Mobility and Safety
 19 / 07 / 2023

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Anjela Frost, Senior Adviser, Mobility and Safety	s 9(2)(a)	✓
Helen White, Manager, Mobility and Safety		

TOTAL MOBILITY REVIEW (TERMS OF REFERENCE)

The purpose of the Total Mobility Scheme is to ensure disabled people can participate in their communities in a safe and dignified manner

- 1 The Total Mobility Scheme provides disabled New Zealanders with a 75 percent discount on taxi rides up to a regionally adjusted cap. The funding of this subsidy is made up of:
 - 50 percent through a combination of the National Land Transport Fund (NLTF) and local government's regional rates (60 percent NLTF and 40 percent through local government).
 - 25 funded by the Crown – in December 2022, Cabinet announced a permanent additional 25 percent subsidy for Total Mobility to begin at the end of universal half price fares in line with Community Connect. Budget 2023 included funding to allow for the extension of this permanent additional 25 percent subsidy.
- 2 Eligibility for Total Mobility is targeted at those who are unable to use buses, trains or ferries in a safe and dignified manner because of a physical, intellectual, psychological, sensory or neurological disability. Assistance is offered in the form of subsidised door-to-door transport services wherever providers of Total Mobility operate.
- 3 There is substantial regional variation in the level of the maximum cap for subsidised Total Mobility trips. Currently 50 percent of the total fare is covered, ranging from a maximum fare of \$10-\$80.
- 4 In 2021/22 there were approximately 89,000 Total Mobility cardholders. In 2022, there were approximately 1.6 million subsidised Total Mobility trips made across New Zealand.

The review of Total Mobility is one of the actions the Ministry has committed to in the Disability Action Plan 2019-2023

- 5 Access to transport is a human rights issue. In 2008 New Zealand ratified the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD). The UNCRPD guarantees disabled people full participation in society and Article 9 includes accessible transport:
 - *To enable persons with disabilities to live independently and participate fully in all aspects of life, States parties shall take appropriate measures to ensure persons with disabilities access, on an equal basis with others, [...] to transportation, [...], and to other facilities and services open or provided to the public, both in urban and rural areas.*
- 6 The New Zealand Disability Strategy (the Strategy) 2016-2026, and the Disability Action Plan 2019-2023 (the Action Plan), support New Zealand's implementation of the UNCRPD. The vision of the Strategy is for New Zealand to be a non-disabling

society – a place where disabled people have an equal opportunity to achieve their goals and aspirations.

- 7 The Action Plan supports delivery of the Strategy and identifies priority work programmes across government. The review of Total Mobility supports *Outcome 5 – Accessibility* which aims to ensure that disabled people are able to access “all places, services and information with ease and dignity”.
- 8 The Ministry has committed to undertake the review of Total Mobility and implement the Accessible Streets package¹ in the Action Plan. As the Action Plan covers the 2019-2023 period, it is important that the review of Total Mobility get underway to meet our commitments.

The review of Total Mobility aims to improve the effectiveness of the scheme across Aotearoa

- 9 In August 2022, Waka Kotahi NZ Transport Agency published the research report *Transport experiences of disabled people in Aotearoa New Zealand*. This research included an examination of Total Mobility and found that Total Mobility costs time and effort and is sometimes an unreliable or unavailable transport option.
- 10 The Total Mobility review allows for the examination of how key issues with the scheme can be addressed to improve the effectiveness and enhance the wellbeing of disabled people across Aotearoa. Some of the key issues that have been identified to date include:
 - Demand for Total Mobility exceeds the current supply of services
 - Shortage of wheelchair accessible vehicles
 - Cost to user– although this has been partly mitigated by the permanent additional 25 percent discount for Total Mobility announced in December 2022
 - Regional variation in subsidy caps and supply of services
 - Funding mechanisms, including PTAs having difficulties meeting their share of costs within their budgets
- 11 These issues, which are expanded on in the Terms of Reference, prevent Total Mobility from making its full contribution to improving accessibility for disabled people in New Zealand. It is timely to review Total Mobility and identify improvements to ensure that it is fit for purpose.
- 12 The Total Mobility Scheme was last reviewed from 2002 to 2005 with the intention of identifying key barriers in the Scheme and providing recommended actions to enable better access and service (Mackay & Peters, 2005). This review did not result in

¹ Accessible Streets is primarily a collection of rule changes designed to increase the safety and accessibility of our footpaths, shared paths, cycle lanes, cycle paths and roadways. The rules respond to the increasing use of different vehicles on our paths and roadways and aim to support the uptake of active modes of travel.

meaningful improvements in accessibility due to only a small number of the recommendations being implemented (those relating to entitlements).

- 13 There is the need for an updated Total Mobility review to be undertaken given the changes in technologies and society that have occurred since 2005. The Ministry will consider the findings from the 2005 review as part of this Total Mobility review.

The draft Terms of Reference has been shared with stakeholders, and their feedback has been incorporated into a finalised version

- 14 In April 2022, we shared the draft Terms of Reference for the review with the then Minister of Transport Hon Michael Wood and sought his feedback before sharing it with key stakeholders [OC220220 *Refers*]. Since then, the draft Terms of Reference has been shared with the following stakeholders:
- Disabled People's Organisations (DPO) Coalition
 - Office for Disability Issues (Whaikaha – Ministry for Disabled People)
 - Age Concern NZ
 - Waka Kotahi NZ Transport Agency
 - Public transport authorities (PTAs)
 - Transport Special Interest Group
 - Ministry of Education
 - Service operators (including independent operators and the Small Passenger Services Association)
 - Payment service providers and existing payment technology providers (e.g. Ridewise platform)
- 15 We received feedback from many of the stakeholders who were involved in the engagement process. Some of the key points of feedback received included:
- Stakeholders were generally supportive of the Terms of Reference.
 - The review needs to focus on upholding the human rights of disabled people.
 - The review should be underpinned by the principles of Te Tiriti o Waitangi and undertaken in a way that acknowledges and is considerate of Māori concepts of disability and wellbeing.
 - The inclusion of an examination of wheelchair accessible vehicles in the scope was strongly supported.
 - The importance of considering the environmental impact and sustainability of any possible changes to Total Mobility.

- General support from the disability community for the permanent additional 25 percent discount on Total Mobility fares announced in December 2022.
 - Concerns around funding for Total Mobility and any changes that may result from the review.
- 16 The feedback from stakeholders has been incorporated into the finalised Terms of Reference. The Terms of Reference scope has four key sections:
- The purpose of Total Mobility
 - How the Total Mobility Scheme can be made more accessible for disabled people
 - How aspects of the Total Mobility Scheme's operations can be improved
 - Sustainable funding mechanisms for the Total Mobility Scheme

The Total Mobility review gives effect to New Zealand's commitments under the UNCRPD and the New Zealand Disability Strategy

- 17 One of the key pieces of feedback received from stakeholders on the draft Terms of Reference was the importance of upholding disabled people's human rights. We have included reference to the UNCRPD in the Terms of Reference. It is important that the Total Mobility review gives effect to New Zealand's commitments under the UNCRPD (particularly *Article 9 – Accessibility* outlined above).
- 18 We have also included reference to the New Zealand Disability Strategy and associated Disability Action Plan (outlined above) in the Terms of Reference. This was received well by stakeholders.

Next steps

- 19 Subject to your approval of the finalised Terms of Reference, we anticipate the following timeline for the Total Mobility review:

Action	Proposed timing
Minister agreement to the draft Terms of Reference for the review	Completed
Engage key stakeholders on the draft Terms of Reference, and incorporate feedback into a final Terms of Reference	Completed
Provide finalised Terms of Reference for Minister's agreement	20 July 2023
Commence review, including development of draft discussion papers with stakeholder input	August 2023 – January 2024
Engagement on draft discussion papers	February – May 2024
Summary of feedback and key themes provided to Minister	June – July 2024
Final recommendations and review completed	Late 2024

- 20 We will keep you regularly updated through the weekly report of progress of the review, including if there are any changes to expected timeframes.

Annex 1 is refused under Section 18(d)

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

20 July 2023

OC230647

Hon Kiri Allan
Associate Minister of Transport

cc Hon David Parker
Minister of Transport

AEROSPACE STRATEGY MINISTERIAL GROUP MEETING

Snapshot

You are meeting with a group of Ministers to discuss cross-portfolio Aerospace policies, strategies and opportunities on 26 July 2023. To support you in the meeting Te Manatū Waka has provided supplementary transport-specific information.

Time and date	5.30 – 6.30pm, 26 July 2023
Venue	Executive Wing, 8.5
Attendees	Hon Grant Robertson, Minister of Finance Hon Dr Ayesha Verrall, Minister of Research, Science and Innovation Hon Willie Jackson, Minister for Māori Development Hon Damien O'Connor, Minister for Agriculture, Biosecurity, Land Information, Trade and Export Growth Hon David Parker, Minister for the Environment and Transport Hon Kieran McNulty, Minister for Emergency Management Hon Barbara Edmonds, Minister for Economic Development
Officials attending	Andrew Johnson, Manager, Space Policy and Sector Development, MBIE Robyn Henderson, Director, Science, Innovation and International, MBIE Transport officials will attend along with other Ministers' officials
Agenda	Discussion will be informed by MBIE briefing [2324-0209 refers] MBIE officials will deliver a presentation at the meeting
Talking points	There are no set talking points. We have indicated matters you may wish to raise during the meeting.

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive, Strategy & Regulatory Design	s 9(2)(a)	
Tom Forster, Manager, Economic Regulation		✓
Garrick Wood, Senior Adviser, Economic Regulation		

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Aerospace Strategy Ministerial group meeting

Key points

- You are meeting with a group of Ministers to discuss cross-portfolio aerospace policies, strategies and opportunities on 26 July at 5.30pm.
- The Minister for Research, Science and Innovation has forwarded you a briefing that provides an outline of the relationship between National Space Policy, Aerospace Strategy and other relevant government strategies, policies and initiatives, and aerospace opportunities for government [2324-0209 refers].
- Aerospace is different from space in that it also includes advanced aviation, including new types of fuel and aircraft engines, as well as uncrewed aircraft.
- The National Space Policy sets out the key objectives and values that all government activities relating to space will align to.
- The Aotearoa New Zealand Aerospace Strategy (the Strategy) is an economic development and innovation-focused strategy, which sets out a series of mission-led goals for the sector to achieve by 2030, as well as key supporting pillars that will underpin these missions. It sets out the Government's priorities for developing both the advanced aviation and space technologies industries in New Zealand.
- This briefing provides you with supplementary transport-specific information to support your attendance at the meeting.

There are several transport-specific initiatives that relate to the Aerospace Strategy and National Space Policy

Enabling Drone Integration

- 1 In 2019, Cabinet approved the vision paper 'Taking Flight: an aviation system for the automated age' (Taking Flight), which sets out the Government's vision, high-level objectives and the fundamental building blocks that is the basis for ongoing work to integrate drones into the aviation system and wider transport sector. The Aerospace Strategy aligns and builds on this vision.
- 2 Te Manatū Waka has developed the Enabling Drone Integration package that aims to enhance the regulatory framework for drone operations. The package is the building block for supporting autonomous operations.

3 s 9(2)(f)(iv)

Uncrewed aircraft systems traffic management

- 4 Uncrewed aircraft systems management (UTM) will play an important role in managing uncrewed aircraft and airspace challenges as we seek to integrate uncrewed aircraft in the aviation system.

- 5 We are in the early stages and intend to work with the sector to determine what a UTM framework could look like in New Zealand and when, if at all, we need one.

Air Navigation Systems Review (ANSR)

- 6 The independent panel (the Panel) that undertook the review of the air navigation system concluded that regulatory agility and innovation are necessary to take advantage of opportunities and future demands in the aviation sector including those presented by the Aerospace Strategy.
- 7 The Panel has recommended a comprehensive flight plan (aviation strategy) to address findings of the review.
- 8 Transport officials have been working with MBIE on the Aerospace strategy and action plan to ensure it aligns with our work programmes and have engaged with them on the ANSR recommendations.
- 9 We are currently working on providing you with potential next steps from the review, including short term actions that can be taken to maintain the momentum generated by the Panel's work. This advice is expected to you mid August 2023.

Emerging Technologies programme

- 10 The Civil Aviation Authority (CAA) established the Emerging Technologies Programme in January 2023. The programme helps bridge the gap between the regulator and the sector by providing a more effective conduit for engagement, expectations management (both ways) and identifying ways to enable quicker regulatory decisions.
- 11 Some operators, such as s 9(2)(b)(ii) and s 9(2)(b)(ii), operate their aircraft under a Part 102 unmanned aircraft operator certificate before transitioning to high altitude and space. The CAA as part of its Emerging Technology Programme is looking to expand its expertise in alternative propulsion systems such as those used by space operators.

Opportunities and implications

- 12 The development and growth of the aerospace sector requires a capable and adequately resourced regulator. The CAA needs to be responsive when engaging with highly innovative companies, but it also needs to maintain the high levels of credibility which helped to attract innovative companies to New Zealand in the first place. A key challenge for the CAA is responding to the ambitions of the emerging aerospace sector without compromising the needs of existing users in the aviation system, who provide the majority of the CAA's funding.
- 13 The Aerospace Strategy is ambitious and has funding and resourcing implications for agencies implementing the strategy including Te Manatū Waka and CAA. Long-term funding would need to be considered in order to prioritise a fit-for-purpose regulatory regime for advanced aviation and novel aviation technologies. This would have to be balanced against other regulatory priorities in the aviation sector.
- 14 The emerging aviation technology sector is already creating resourcing challenges. This is because the emerging technology sector is more resource intensive than

'conventional' aviation. The CAA also needs technical skills to make complex regulatory decisions in the absence of internationally accepted technical and operational standards like those that exist for conventional operations.

15 Extra resource is also required to integrate new types of aviation activity safely into the aviation system and between regulatory systems, in particular the space and high-altitude regulatory system.

16 The development of a new or revised regulatory framework will require substantial policy, rule drafting and subject matter expertise. ^{s 9(2)(g)(i)}

17

Talking points

18 You may want to take the opportunity to ask the following during the meeting:

- What funding mechanisms are being proposed and how would they be structured between agencies?
- What will key milestones be based around and over what timeframe?
- Would the proposed approach provide sufficient assurance for aerospace companies to maintain and develop their operations in New Zealand?
- How will space and aerospace priorities be balanced against existing aviation priorities and challenges?



Document 21

21 July 2023

OC230480

Hon David Parker

Action required by:

Minister of Transport

Friday, 28 July 2023

REVIEW AND APPROVAL OF THE AMENDMENT AGREEMENT – METEOROLOGICAL SERVICE OF NEW ZEALAND LTD, 1 JULY 2023 TO 30 JUNE 2027

Purpose

1. This briefing seeks your approval of the Amendment Agreement (the Agreement) between you, as the Minister of Transport, and the Meteorological Service New Zealand Limited (MetService) for meteorological and related services provided by MetService.

Recommendations

We recommend you:

- 1 **note** the Chief Executive of MetService, has signed the attached the Amendment Agreement
- 2 **sign** two copies of the Amendment Agreement effective from 1 July 2023 Yes / No

A handwritten signature in black ink that reads "Andrew Hicks".

Andrew Hicks
Acting Manager, Programme
Assurance and Commercial

..... / /

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Andrew Hicks, Acting Manager, Programme Assurance and Commercial	s 9(2)(a)	✓
Lakeshia Livapulu, Adviser, Programme Assurance and Commercial		

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

REVIEW AND APPROVAL OF THE AMENDMENT AGREEMENT – METEOROLOGICAL SERVICE OF NEW ZEALAND LTD, 1 JULY 2023 TO 30 JUNE 2027

Background

- 1 Under the Meteorological Services Act 1990, you as the Minister of Transport, are responsible for ensuring the provision of meteorological services in New Zealand, including the provision of weather forecasts and warnings to support public safety.
- 2 Pursuant to the Meteorological Services Act 1990, an agreement was entered into by the Minister of Transport and the MetService in July 2015 (the Agreement). The Agreement sets out the services purchased by the Crown and delivered by MetService. The Ministry of Transport administers and monitors the Agreement on your behalf.
- 3 The Agreement has a full term of 12 years (from 1 July 2015 to 30 June 2027) with renewal options every four years. The current renewal period expires on 30 June 2023. Under the agreement the parties must initiate a review not less than 12 months before the end of a renewal period. The agreement renewal process includes bringing together a User Reference Group of stakeholders (Regional Councils, Ministerial Departments and Crown Entities) and reviewing the service provision, price and cost allocation. The agreement renewal review was completed by June 2022 and fed into MetService 2023 Budget bid.
- 4 The annual crown funding to MetService increased over the first renewal term of the agreement from \$24,565 million plus GST for 2019/20 to \$25,724 million plus GST for 2022/23.
- 5 As a result of Budget 2023, the total value of Crown funding to the agreement is, in aggregate, over \$100 million over the second (four-year) renewal term.

Vote Transport Budget 2023 outcome

- 6 MetService forecasted that the agreement price will rise over the next four years above the established level of baseline funding of \$25.724 million per annum. This reflects the underlying increase in the cost of MetService providing weather forecasting services, increases to salaries, MetService IT systems and the replacement programme for three radars. The increase does not reflect an increase or change in the quantity or scope of the output being delivered.
- 7 In the Budget 2023 process, MetService was unsuccessful in two bids for additional weather forecasting services but was successful in a cost-pressure bid to cover the cost-base increase in price of services provided by MetService to the Crown to the value of \$13,417 million over four years.
- 8 The Amendment Agreement reflects the outcome of the User Reference Group stakeholder review that concluded in 2022 and the changes to MetService's baseline funding resulting from Budget 2023 decision.

Key changes of the Amendment Agreement

- 9 The annual fixed fee (including additional Radar Installations Upgrade payments) for the periods:
 - (a) 1 July 2023 to 30 June 2024 shall be \$27,203 million plus GST;
 - (b) 1 July 2024 to 30 June 2025 shall be \$28,800 million plus GST;
 - (c) 1 July 2025 to 30 June 2026 shall be \$29,774 million plus GST; and
 - (d) 1 July 2026 to 30 June 2027 shall be \$30,760 million plus GST.
- 10 Schedule 2 has been updated, which includes MetService's services in seven parts (pages 11 to 23).
- 11 The Radiofax service has been removed from Schedule 2 as the former Minister of Transport approved the withdrawal of this service for this renewal process (OC220837 refers). The Radiofax service would not have provided any meaningful backup or resilience options, was not deemed critical for safety and an existing modernised version of this service remains available for use s. The service ceased from 1 July 2023 and has been communicated to the public since May 2023.
- 12 Paragraph 2.3 has been added to Schedule 3 of the Agreement which describes the determination of payments in respect of Capital Charges and Depreciation for Radar Installation Upgrades. This includes the programme of work regarding the radar upgrade (as per the Budget 2023 funding) and the payment process.

Next steps

- 13 We will continue to monitor the delivery of MetService's services and provide a summary of the quarterly report to you through the Weekly Report.

**ANNEX 1: AMENDMENT AGREEMENT RELATING TO THE
PROCUREMENT OF METEOROLOGICAL AND RELATED SERVICES
BETWEEN THE MINISTER OF TRANSPORT AND
METEOROLOGICAL SERVICE OF NEW ZEALAND LIMITED**

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Amendment Agreement

relating to the procurement of meteorological and related services

Minister of Transport

and

Meteorological Service of New Zealand Limited

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

- between** (1) **The Sovereign in Right of New Zealand** acting by and through the Minister of Transport (the **Minister**)
- and** (2) **Meteorological Service of New Zealand Limited**, a company to which the State-Owned Enterprises Act 1986 applies, with company number 541859 and having its registered office at Seabridge House, Level 2, 110 Featherston Street, Wellington 6011 (the **Service Provider**)

Background

- A. On 30 June 2015 the Minister and the Service Provider entered into an agreement relating to the procurement of meteorological and related services (the **Agreement**).
- B. In 2015 and 2019 the parties entered into agreements which amended the Agreement. This Amendment Agreement is intended to be read in conjunction with the Agreement, as amended by the 2015 and 2019 Amendment Agreements.
- C. Pursuant to clause 23.8 and Schedule 6 of the Agreement, the Minister and the Service Provider wish to extend and vary the Agreement on the terms of this Amendment Agreement.
- D. This Amendment Agreement also records the terms upon which phased payments may be made to the Service Provider in respect of capital charges and depreciation relating to radar installation upgrades at Christchurch and Auckland to improve the accuracy and resilience of New Zealand's weather forecasting services.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this Amendment Agreement, unless the context otherwise requires:

2015 Amendment Agreement means the agreement effective 1 July 2015 amending the Agreement

2019 Amendment Agreement means the agreement effective 1 July 2019 amending the Agreement

Agreement means the agreement relating to the procurement of meteorological and related services dated 30 June 2015

Amendment Agreement means this agreement including any Schedules, Annexures or Attachments to it

Commissioning Date, in relation to a Radar Installation, means the later of the dates that all testing (including acceptance testing and optimisation tests) of the radar upgrades has been successfully completed and (if relevant) necessary new construction has been successfully completed

Ministry means the Ministry of Transport

Planned Commissioning Date means the planned commissioning date for the relevant Radar Installation referred to in paragraph 2.3(b) of Schedule 3 of the Agreement (as inserted by this Amendment Agreement)

Payment Request means a payment request submitted to the Ministry of Transport by the Service Provider in the form set out in Appendix 2, 3 or 4 to this Amendment Agreement.

Radar Installation means a radar installation referred to in paragraph 2.3(b) of Schedule 3 of the Agreement (as inserted by this Amendment Agreement)

Effective Date means 1 July 2023.

1.2 Interpretation

In this Amendment Agreement, unless the context otherwise requires, terms used in this Amendment Agreement that are used in the Agreement (as amended by the 2015 and 2019 Amendment Agreements) and set out in Schedule 1 of the Agreement, have the meanings set out in that Schedule.

2. Effective Date

This Amendment Agreement, including all variations to the Agreement set out in this Amendment Agreement, takes effect on the Effective Date.

3. Changes to the Agreement

3.1 Amendments

The Agreement is amended as follows:

- (a) Clause 2.1(c) (as inserted by the 2019 Amendment Agreement) is deleted.
- (b) The first paragraph of clause 10.4 is amended by adding the words “set out in paragraph 2.2 of Schedule 3” after the word “Charges”.
- (c) Clause 23.3(d)(i), as last amended by the 2019 Amendment Agreement, is deleted and replaced with the following clause:

for notices required to be addressed to the Minister:

Ministry of Transport

Person: Deputy Chief Executive System Performance and Governance
Postal address: P O Box 3175, Wellington
Physical address: Ground floor, 3 Queens Wharf, Wellington 6140
email address: D.Wood@transport.govt.nz

copied to:

Person: Chief Legal Adviser
email address: B.Booth@transport.govt.nz

- (d) Clause 23.3(d)(ii), as last amended by the 2019 Amendment Agreement, is deleted and replaced with the following clause:

for notices required to be addressed to the Service Provider:

Meteorological Service of New Zealand Limited

Person: Chief of Science & Innovation
Postal address: P O Box 722
Wellington 6140
Physical address: Seabridge House
Level 2, 110 Featherston Street
Wellington 6011
email address: s 9(2)(a)

copied to:

Person: Company Secretary
email address: company.secretary@metservice.com

- (e) Schedule 2 of the Agreement, as last amended by the 2019 Amendment Agreement, is deleted and replaced by Schedule 2 set out in Appendix 1 to this Amendment Agreement.
- (f) Paragraph 2.1 of Schedule 3 of the Agreement is deleted and replaced with the following paragraph:

2.1 Charges and Payments for Operational Services

- (a) *The Charges for Operational Services comprise the annual fixed fee set out in **paragraph 2.2** below, and the Radar Installation upgrade payments set out in **paragraph 2.3** below. Unless otherwise agreed or provided for in this Agreement, the annual fixed fee and the Radar Installation upgrade payments cover provision of Operational Services during the government financial year (1 July to 30 June).*
- (b) *The annual fixed fee shall be divided by 12 and the Minister will pay 1/12 of the annual fixed fee to the Service Provider monthly in arrears in accordance with, and subject to **clause 10** (Pricing and Payment).*
- (g) Paragraph 2.2 of Schedule 3 of the Agreement, as last amended by the 2019 Amendment Agreement, is deleted and replaced with the following clause:

2.2. Determination of annual fixed fee

*Subject to **clause 19** (Termination), the annual fixed fee (excluding additional Radar Installations Upgrade payments as detailed in paragraph 2.3) for the periods:*

- (a) *1 July 2023 to 30 June 2024 shall be \$27,158 million plus GST;*
- (b) *1 July 2024 to 30 June 2025 shall be \$28,426 million plus GST;*
- (c) *1 July 2025 to 30 June 2026 shall be \$29,299 million plus GST; and*
- (d) *1 July 2026 to 30 June 2027 shall be \$30,151 million plus GST.*

s 9(2)(b)(ii)

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

3.2 Other provisions unaffected

The parties agree and acknowledge that except to the extent that the terms of the Agreement, as amended by the 2015 and 2019 Amendment Agreements, are expressly varied and modified by this Amendment Agreement, the terms contained in the Agreement, as amended by the 2015 and 2019 Amendment Agreements, shall continue in full force and effect.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Execution

Signed as an Agreement

SIGNED by **The Sovereign in Right of New Zealand** acting by and through the Minister of Transport by

Signature

Name

Position

Date

SIGNED by **Meteorological Service of New Zealand Limited**

Signature

Name

Position

Date

The remainder of the agreement is withheld under Section 9(2)(b)(ii) of the Act.

Appendix 2: Payment Request for Radar Upgrade Capital Charges

To: THE MINISTRY OF TRANSPORT

Date:

1. We refer to the Amendment Agreement relating to the procurement of meteorological and related services dated [] 2023 between the Meteorological Service of New Zealand Limited (Service Provider) and the Minister of Transport. Terms defined in the Amendment Agreement have the same meaning in this Payment Request.
2. This is a Payment Request for capital charges in relation to the Radar Installation at [] (Radar Installation).
3. We confirm that:
 - a. In accordance with the Payment Schedule set out in paragraph 2.3(f) of Schedule 3 of the Amendment Agreement, capital charge payments are payable in relation to the Radar Installation.
 - b. The Planned Commissioning Date for the Radar Installation is [insert date].
 - c. The Commissioning Date for the Radar Installation has not yet occurred.

Signed by and on behalf of the Service Provider by

Authorised Officer

Appendix 3: Payment Request for Radar Upgrade Capital Charges

To: THE MINISTRY OF TRANSPORT

Date:

1. We refer to the Amendment Agreement relating to the procurement of meteorological and related services dated [] 2023 between the Meteorological Service of New Zealand Limited (Service Provider) and the Minister of Transport. Terms defined in the Amendment Agreement have the same meaning in this Payment Request.
2. This is a Payment Request for capital charges in relation to the Radar Installation at [] (Radar Installation).
3. We confirm that:
 - a. In accordance with the Payment Schedule set out in paragraph 2.3(f) of Schedule 3 of the Amendment Agreement, capital charge payments are payable in relation to the Radar Installation.
 - b. The Planned Commissioning Date for the Radar Installation is [insert date].
 - c. the Commissioning Date for the Radar Installation was [insert date].
4. [If capital charges have been suspended] We request that payments for capital charges be reinstated.

Signed by and on behalf of the Service Provider by:

Authorised Officer

Appendix 4: Payment Request for Radar Upgrade Depreciation Charges

To: THE MINISTRY OF TRANSPORT

Date:

1. We refer to the Amendment Agreement relating to the procurement of meteorological and related services dated [] 2023 between the Meteorological Service of New Zealand Limited (Service Provider) and the Minister of Transport. Terms defined in the Amendment Agreement have the same meaning in this Payment Request.
2. This is a Payment Request for depreciation for the Radar Installation at [](Radar Installation).
3. We confirm that:
 - a. the Commissioning Date for the Radar Installation is [].
 - b. The final capital cost of the radar upgrade for the Radar Installation is [\$] plus GST.

Signed by and on behalf of the Service Provider by

Authorised Officer



21 July 2023

BRIEFING

OC230579

T2023/1319

Document 22

Hon David Parker
Minister of Transport

Action required by:
Friday, 4 August 2023

Hon Grant Robertson
Minister of Finance

City Rail Link Project Delivery Agreement variation**Purpose**

To sign a variation to the City Rail Link (CRL) Project Delivery Agreement (PDA) to reflect the decisions of Cabinet and Auckland Council in relation to the revised funding envelope and project re-set for CRL, and sign a letter noting the consequential variations to the Sponsors' Agreement.

Key points

- On 3 April 2023 Cabinet approved a funding request to set a new funding envelope for the completion of the CRL project, and to re-set the project, including providing for a new Practical Completion date (CAB-23-MIN-0111 refers).
- The Auckland Council Governing Body, as the other CRL sponsor, also approved the funding request.
- The request for additional funding from CRL Limited (CRL) resulted from commercial negotiations by CRL with the Link Alliance (primary contractors on the CRL project), and addresses delays and increased costs (the majority caused either directly or indirectly by Covid-19), with each sponsor paying for half of the increased costs.
- The revised cost envelope for completing the CRL project now totals \$5.493 billion.
- The practical completion date was amended to November 2025. This date potentially enables public operations to start by mid-2026.
- As signalled in the Cabinet paper, several documents require updating to reflect the outcome of these decisions.
- The Minister of Transport and Minister of Finance, as Crown Sponsors, are asked to co-sign a variation to the CRL PDA (Annex 1). The PDA is the primary agreement between the CRL Sponsors and CRL on the delivery of the CRL project.
- Cabinet authorised you, in the Cabinet paper referenced above, to amend the PDA "and other associated agreements" including to reflect the increased total project cost and updated Practical Completion date.
- A letter with consequential changes to the Sponsors' Agreement is attached for your signature (Annex 2). This letter is required as the Sponsors' Agreement specifies the amount of funding for each party, and notes any variations to the PDA.
- Also attached for your information is a letter to CRL from the Sponsors' Representative approving the variation to the Project Alliance Agreement (PAA) (Annex 3). The PAA is

Practical completion of the Link Alliance works in November 2025 is when major elements of the CRL will be substantially complete. Testing, commissioning, integration and training will be underway. The CRL will open to passengers once work is completed, expected in 2026.

the agreement between CRLL and the Link Alliance that sets out CRLL's expectations of the Link Alliance. The PAAs needed to be updated to reflect the agreement reached in the commercial negotiations between the parties. Advice was that the Sponsors' Representative was able to approve the PAA variation, as they did with the previous variation in 2020. This was based on the commercial agreement, and a letter of comfort provided by CRLL to Sponsors' representatives.

We recommend you:

1. **sign** the CRL Project Delivery Agreement on behalf of the Crown Yes / No
2. **sign** a letter to Auckland Council noting consequential variations to the CRL Sponsors Agreement Yes / No

Hon Grant Robertson
Minister of Finance

..... / /



Hon David Parker
Minister of Transport

..... / /



Ann Webster
Manager, Commercial and Institutional Performance, The Treasury

21 / 07 / 2023

Richard Cross
Director, System Performance and Governance, Ministry of Transport

21 / 07 / 2023

Minister's office to complete: ☐ Approved ☐ Declined
☐ Seen by Minister ☐ Not seen by Minister
☐ Overtaken by events

Comments:

Contacts

Name	Telephone	First contact
Richard Cross, Director, System Performance and Governance	s 9(2)(a)	<input checked="" type="checkbox"/> (MoT)
Stephen Moore, Principal Advisor, Programme Assurance and Commercial		<input type="checkbox"/> (MoT)
Daniel Madley, Senior Analyst, Commercial and Institutional Performance, The Treasury		<input checked="" type="checkbox"/> (TSY)
Ann Webster, Manager, Commercial and Institutional Performance, The Treasury		<input type="checkbox"/> (TSY)

COMMERCIAL IN CONFIDENCE

Variation to the Amended and Restated Project Delivery Agreement

City Rail Link Project

His Majesty the King in right of New Zealand (**Crown**)

Auckland Council (**Council**)

City Rail Link Limited (**CRL**)

Project Delivery Agreement

Part A – General Matters	4
1. Definitions and Interpretation	4
2. General Matters	4
Revised Schedule 5: Project Delivery Schedule	66
Revised Schedule 6: Forecast Project Costs	69

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Details

Date 2023

Parties

Name	His Majesty the King in right of New Zealand
Short name	Crown
Name	Auckland Council
Short name	Council
Name	City Rail Link Limited
Short name	CRL

Background

- A CRL is responsible for the delivery of the CRL Project. The vast majority of the remaining works on the CRL Project are being delivered by the Link Alliance (a consortium of companies including Vinci Construction Grands Projets S.A.S (**Vinci**), Downer New Zealand Limited, Soletanche Bachy International (NZ) Limited, AECOM New Zealand Limited, WSP New Zealand Limited, Tonkin & Taylor Limited and CRL) pursuant to a Project Alliance Agreement dated on or about 19 July 2019, and amended by way of a variation agreement on or about 20 October 2020 (**PAA**).
- B From 2020 onwards the CRL Project was significantly affected by Covid-19, including the resulting impacts to the supply chain availability of specialist overseas and expatriate resources, labour shortages, material shortages and operational work procedures (**Covid Impacts**). The Other Alliance Participants (meaning all alliance participants other than CRL) submitted variation claims relating to the Covid Impacts and other impacts on the Project (**Variation Claims**).
- C Following meetings held between CRL and the Other Alliance Participants between 11 January 2023 and 20 January 2023 and letters between Vinci and CRL dated 2 and 10 February 2023, CRL and the Other Alliance Participants reached a commercial settlement to resolve the outstanding Variation Claims.
- D CRL submitted a funding request to Sponsors on 14 March 2023 which requested funding for the commercial settlement with the Link Alliance and for other additional costs that have arisen since the date of CRL's last funding request in 2019, including increased costs to support the project (including by Auckland Transport and KiwiRail and CRL's increased corporate and delivery team costs), and those resulting from updates to scope and cost estimates.
- E Sponsors confirmed additional funding for the CRL Project on 12 April 2023.
- F The purpose of this variation agreement is to:
- (a) Replace certain definitions in the Amended and Restated Project Delivery Agreement dated 22 October 2019 (**PDA**) as set out in Schedule 1 to this agreement.
 - (b) Delete Schedule 5 of the PDA (Project Delivery Schedule) and replace that schedule with the Schedule 5 included in this agreement to reflect the new milestone dates agreed by CRL and the Link Alliance as a result of the commercial settlement.

- (c) Delete Schedule 6 of the PDA (Forecast Project Costs) and replace that schedule with the Schedule 6 included in this agreement to reflect the increased funding for the CRL Project.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

PartA–GeneralMatters

1. Interpretation

1.1 Interpretation

In this agreement, unless the context indicates otherwise:

- a. Headings are for convenience only and do not affect the interpretation of this agreement;

and unless the context otherwise indicates:

- b. whenever used in this agreement, expressions defined in the main body of this agreement have the defined meaning throughout this agreement, including the background;
- c. capitalised terms not otherwise defined in this agreement have the meaning given to them in the PDA;
- d. words in the singular include the plural and vice versa;
- e. references to a person include an individual, firm, corporation or unincorporated body;
- f. references to any party to this agreement includes its successors or permitted assigns;
- g. the words "including", "includes" and "include" are not words of limitation and will be read as if followed by the words "(without limitation)";
- h. the meaning of "or" will be that of the inclusive, being one, some or all of a number of possibilities;
- i. a reference to a party, clause, Schedule or Annexure is a reference to a party, clause, Schedule or Annexure of or to this agreement;
- j. references to this agreement and any deed, agreement or instrument are deemed to include references to this agreement or such other deed, agreement or instrument as amended, novated, supplemented, varied or replaced from time to time; and
- k. no rule of construction will apply to the disadvantage of a party on the basis that the party put forward or drafted this agreement or any part.
- l. Except as otherwise expressed in this agreement, any specific terms and conditions will prevail over any general terms and conditions.

2. Variation

2.1 Variation

- a. The parties agree that the PDA is amended as set out in the First Schedule to this agreement.
- b. The parties agree and acknowledge that Schedule 5 (Project Delivery Schedule) of the PDA and Schedule 6 (Forecast Project Cost) of the PDA are deleted and replaced with the corresponding schedules attached to this agreement.
- c. Except as expressly modified, altered or varied by this agreement, the covenants, terms and conditions expressed or implied in the PDA are confirmed and continue in full force and effect.

3. General Matters

3.1 Legal costs

Subject to any express provision in this agreement to the contrary, each Party is to pay its own legal and other costs and expenses relating directly or indirectly to the preparation of, and performance of its obligations under, this agreement.

3.2 Amendment

No amendment, modification, or variation of, or waiver in respect of, this agreement shall be valid unless it is in writing and signed by or on behalf of each of the Parties.

3.3 No Agency or Partnership

- (a) Nothing in this agreement creates or constitutes or is deemed to create or constitute any relationship of employment, trust, agency, or partnership between the Parties.
- (b) Neither Sponsor may enter into any contracts, commitments, debts or other legal documents or arrangements in the name of the other Sponsor or to take any act or step to bind or commit the other Party.

3.4 Waiver and exercise of rights

- (a) A failure to exercise or enforce, or a delay in exercising or enforcing or the partial exercise or enforcement of, a right provided by law or under this agreement does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this agreement.
- (b) A waiver or consent given by a Party under this agreement is only effective and binding on that Party if it is given or confirmed or exercised in writing by that Party.

3.5 Privity

Nothing in this agreement is intended to, or does, confer any benefits or enforceable rights or interests upon, or makes any representation to, any person other than the contracting parties.

3.6 Survival

Any indemnity or any obligation of confidence under this document is independent and survives termination of this agreement. Any other term by its nature intended to survive termination of this agreement survives termination of this agreement.

3.7 Further assurance

- (a) Each Party is to promptly execute all documents and do all things that the other Parties may from time to time reasonably require of it to effect, perfect or complete the provisions of this agreement and any transaction contemplated by it.
- (b) Each Party shall ensure that its internal governance arrangements are such that it is able to comply with its respective obligations under this agreement.

3.8 Counterparts

This agreement may consist of a number of counterparts and if so, the counterparts taken together constitute one and the same instrument.

3.9 Governing law and jurisdiction

This agreement is governed and is to be construed under the laws in force in New Zealand.

Signing page

EXECUTED as an agreement.

Execution

SIGNED by His Majesty the King in right of New Zealand acting by and through His Minister of Finance and His Minister of Transport:

Hon Grant Robertson, Minister of Finance

Hon David Parker, Minister of Transport

Auckland Council by:

Wayne Brown, Mayor of Auckland

Desley Simpson, Deputy Mayor of Auckland

Philip Wilson, Acting Chief Executive

City Rail Link Limited by:



John Bridgman, Chair

Sweeney

Dr Sean Sweeney, Chief Executive

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

1. Schedule 1: Definitions and Interpretation

- a. Replace the definition of **Target Delivery Cost** with the following:

Target Delivery Cost means the amount budgeted by CRLL (forming the basis of the March 2023 funding request to Sponsors) for the delivery and completion of the CRL Project, which is \$5.493 billion (being the P50 cost number, net of property sales as specified in Row Z of Schedule 6).

- b. Replace the definition of **Target Final Completion Date** with the following:

Target Final Completion Date means the expected date for Final Project Completion of the CRL Project, being November 2027, as may be adjusted from time to time in accordance with this Agreement.

- c. Replace the definition of **Target Project Delivery Date** with the following:

Target Project Delivery Date means the expected date for Practical Completion of the CRL Project, being November 2025, as may be adjusted from time to time in accordance with this Agreement.

- d. Replace the definition of **Total Available Funding** with the following:

Total Available Funding means the amount approved by the Sponsors (following the March 2023 funding request from CRLL) as the budget for the management, delivery and completion of the CRL Project, which as at the date of this Agreement is \$5.493 billion.

Please note that the Target Final Completion date is two years after the Practical Completion date to allow for defect liability periods.

Practical completion of the Link Alliance works in November 2025 is when major elements of the CRL will be substantially complete. Testing, commissioning, integration and training will be underway. The CRL will open to passengers once work is completed, expected in 2026.

RELEASED UNDER ACT 1992
THE OFFICIAL INFORMATION ACT

Schedule 5: Project Delivery Schedule

Delivery Programme *

Milestones	Activity Description	Commencement	Completion
	C7 – Systems, Integration, Testing and Commissioning		
C7 Milestone 1	Contract variation into C3 PAA		October 2019
C7 Milestone 2	Testing and Commissioning (including Operational Readiness Testing)	s 9(2)(ba)(i)	
C7 Milestone 3	Target Delivery Date – Practical Completion		November 2025
	C3 – Stations and Tunnels		
C3 Milestone 1	Contract Award		July 2019
	CONTRACT DELIVERY / CONSTRUCTION PHASE	July 2019	June 2023
C3 Milestone 2	Testing and Commissioning (including Operational Readiness Testing)	s 9(2)(ba)(i)	
C3 Milestone 3	Target Delivery Date – Practical Completion		November 2025
	C5 – Western Line		
C5 Milestone 1	Contract variation into C3 PAA		October 2019
	CONTRACT DELIVERY / CONSTRUCTION PHASE	October 2019	s 9(2)(ba)(i)
C5 Milestone 2	Target Delivery Date		

Practical completion of the Link Alliance works in November 2025 is when major elements of the CRL will be substantially complete. Testing, commissioning, integration and training will be underway. The CRL will open to passengers once work is completed, expected in 2026.

Practical completion of the Link Alliance works in November 2025 is when major elements of the CRL will be substantially complete. Testing, commissioning, integration and training will be underway. The CRL will open to passengers once work is completed, expected in 2026.

Milestones	Activity Description	Commencement	Completion
	C6 – Mt Eden Stormwater Diversion		
C6 Milestone 2	Target Delivery Date		August 2019
	C9 – Britomart East		
C9 Milestone 1 (stages 1 – 6)	Contract Delivery / Target Delivery Date		s 9(2)(ba)(i)
C9 post-Day 1 opening works	Target Delivery Date		*
	C1		
C1 Milestone 1	Target Delivery Date		June 2021
	C2		
C2 Milestone 1	Target Delivery Date		December 2020
	DSC (CRL Works)		
DSC Milestone 1	Target Delivery Date		April 2019
	C8 – Henderson		
C8 Henderson	Target Delivery Date		**

* Stages 1 to 6 of C9 (which relate to the installation of scissors as well as the demolition and construction of a new structural wall at Britomart East and various surface works) have been contracted to KiwiRail and Martinus. In addition to these works, CRLL has had s 9(2)(b)(m) funding approved for C9 works that are required post-Day 1 opening. Sponsors will work with CRLL, Auckland Transport and KiwiRail to contract this work. The funding for this work is based on a schematic (rather than detailed) design commissioned by CRLL. Accordingly, as at the date of this variation agreement, a Target Delivery Date for these post-Day 1 opening works cannot be specified. In the event that CRLL is not the entity responsible for delivering the C9 post-Day 1 opening works, there will need to be an arrangement put in place to ensure that the funds CRLL has received for this work are transferred to the responsible entity.

** Sponsors have confirmed funding of s 9(2)(b)(m) for C8 Henderson (see Row L of Schedule 6). However, Sponsors will work with CRLL, Auckland Transport and KiwiRail to contract the C8 Henderson work. The funding for this work is based on a schematic (rather than detailed) design commissioned by CRLL. Accordingly, as at the date of this variation agreement, a Target Delivery Date cannot be specified. In the event that CRLL is not the entity responsible for delivering the C8

Henderson works, there will need to be an arrangement put in place to ensure that the funds CRL has received for C8 Henderson are transferred to the responsible entity.

Note:

- The dates are indicative as at Execution Date and may be subject to change.
- The Sponsors acknowledge that CRL considers that there may be an impact on the Project as a result of the review and approval process set out in Schedule 4. The parties acknowledge the critical nature of timing, and the impact timing delays can have on costs. The parties agree to work together to expedite the review and approval process.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Schedule 6: Forecast Project Costs

Forecast Project Costs

s 9(2)(b)(ii)

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Quarterly Cash Flow Forecast

s 9(2)(b)(ii)

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Hon David Parker BCom, LLB

Attorney-General
Minister for the Environment
Minister of Revenue
Minister of Transport
Associate Minister of Finance



Wayne Brown
Mayor of Auckland
Auckland Council
wayne.brown@aucklandcouncil.govt.nz

Desley Simpson
Deputy Mayor of Auckland
Auckland Council
desley.simpson@aucklandcouncil.govt.nz

Dear Mayor Brown and Deputy Mayor Simpson

Subject: Amendments to the Amended and Restated Sponsors Agreement for the CRL Project

1. We refer to the CRL Project and the Amended and Restated Sponsors Agreement between Auckland Council and the Crown (Sponsors' Agreement). Unless the context otherwise requires, capitalised terms used but not defined in this letter have the meanings given to them in the Sponsors Agreement.

Funding Commitments

2. As you know, on 14 March 2023 City Rail Link Limited (CRL) submitted a funding request to Sponsors which requested funding for a commercial settlement with the Link Alliance (in relation to a variation claim submitted by the Other Alliance Participants for impacts to its supply chain, availability of specialist overseas and expatriate resources, labour shortages, material changes and operational work procures as a result of Covid-19) and for other additional costs that have arisen since the date of CRL's last funding request in 2019, including increased costs to support the CRL Project (including by Auckland Transport, KiwiRail and CRL's increased corporate and delivery team costs) and those resulting from updates to scope and cost estimates.
3. On 12 April 2023, Auckland Council and the Crown each agreed to commit additional funding for the CRL Project. The purpose of this letter is to formally record the necessary amendments to the Sponsors' Agreement to give effect to these additional funding commitments.

Amendments to the Sponsors' Agreement

4. Therefore, Sponsors agree that, on and from the date of this letter and in consideration for each Sponsor's commitment to provide additional funding for the CRL Project, the Sponsors' Agreement is amended as set out in the Schedule to this letter.

5. The Sponsors Agreement is to continue in full force and effect, except to the extent that it has been amended by this letter.
6. Please confirm Auckland Council's agreement to the terms of this letter (including the amendments to the Sponsors Agreement set out in the Schedule) by countersigning this letter.

Yours sincerely

HIS MAJESTY THE KING IN RIGHT OF NEW ZEALAND ACTING BY AND THROUGH HIS MINISTER OF FINANCE AND HIS MINISTER OF TRANSPORT by:

Signature of Hon Grant Robertson,
Minister of Finance

Signature of Hon David Parker,
Minister of Transport

Acceptance

Auckland Council accepts the terms and conditions set out in this letter.

Signed by

AUCKLAND COUNCIL by:

Signature of Wayne Brown,
Mayor of Auckland, Auckland Council

Signature of Desley Simpson,
Deputy Mayor of Auckland, Auckland Council

Signature of Phil Wilson,
Acting Chief Executive, Auckland Council

Cc:

Richard Cross
Crown's Sponsors' Representative
Ministry of Transport
r.cross@transport.govt.nz

Barry Potter
Council's Sponsor's Representative
Auckland Council
barry.potter@aucklandcouncil.govt.nz

Schedule – Variations to the Sponsors Agreement

1.1 Definitions and Interpretation

Replace the definition of **Auckland Council Funding Amount** with the following:

*“**Auckland Council Funding Amount** means \$2,746,500,000 (inclusive of 50% of the Stage 1 Works Costs), being 50% of the Total Available Funding, as such amounts may be adjusted in accordance with this Agreement;”*

Replace the definition of **Crown Funding Amount** with the following:

*“**Crown Funding Amount** means \$2,746,500,000 (inclusive of 50% of the Stage 1 Works Costs), being 50% of the Total Available Funding, as such amounts may be adjusted in accordance with this Agreement;”*

Replace the definition of **Project Delivery Agreement** with the following:

*“**Project Delivery Agreement** means the project delivery agreement between the Crown, Auckland Council and CRLI dated 30 July 2017, as amended and restated by the Crown, Auckland Council and CRLI on 22 October 2019, and again on or about [insert] July 2023;”*

Replace the definition of **Total Available Funding** with the following:

*“**Total Available Funding** means \$5,493,000,000 (inclusive of the Stage 1 Works Costs), being the P50 cost number, net of property sales as specified in Row Z of Schedule 6 of the Project Delivery Agreement;”*

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982



Attention: John Bridgman, CRLL Chair
City Rail Link Limited
PO Box 9861
Newmarket
Auckland 1149

4 July 2023

By email: John Bridgman, Chair, s.9(2)(a)
Cc: Sean Sweeney, Chief Executive CRLL, s.9(2)(a)
Cc: Richard Cross, Crown's Sponsors' Representative, r.cross@transport.govt.nz.

Dear John,

Subject: Sponsors' Approval of Second Variation Agreement – Project Alliance Agreement – City Rail Link Project

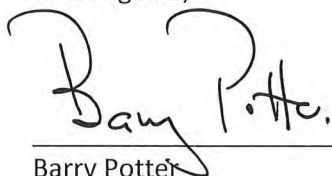
Sponsors approve City Rail Link Limited's (CRLL) entry into the 'Second Variation Agreement – Project Alliance Agreement' (PAA VA) subject to the following conditions:

- a. Amendments to the Heads of Agreement: Unless otherwise agreed by Sponsors, CRLL shall not agree to any amendment to the Heads of Agreement that has a material impact on the liability position and risk allocation profile of CRLL under the PAA VA or the Heads of Agreement.
- b. Delivery strategy: Sponsors note that Link Alliance has developed the delivery strategy in accordance with clause 9.1A of the PAA VA (**Delivery Strategy**). CRLL shall include in each monthly report to Sponsors an update on Link Alliance's implementation of the Delivery Strategy.
- c. Adjustments to Initial Target Cost: CRLL shall update the Sponsors quarterly, by way of the monthly report to Sponsors, escalation adjustments to be applied, or that are expected to be applied, to the Initial Target Cost (as contemplated by the definition of Initial Target Cost and clause 18 of the Heads of Agreement).
- d. Management of "all risks shared" items which may be transferred back to CRLL / Auckland Transport / KiwiRail in the future: CRLL shall include in each monthly report to Sponsors an update on the management of "all risks shared" items which may be transferred back to CRLL, Auckland Transport and/or KiwiRail in the future in accordance with the process set out in Schedule 1 of the Heads of Agreement, including any risks that Link Alliance has identified that may require assistance from Auckland Transport and/or KiwiRail to manage and any risks that have been referred to the PAB for a decision as to whether the Link Alliance has undertaken all reasonably possible mitigations.

Sponsors note that the Heads of Agreement contemplates that any on-going and residual costs associated with all risks shared items that revert to CRL/SAPs would require additional funding by Sponsors. Sponsors expectation is that CRL would seek to manage such costs within the CRL Project contingency in the first instance. Where no contingency is available, and a request for additional funding is submitted under the Project Delivery Agreement, Sponsors will consider this in accordance with and subject to the processes set out in the PDA.

This approval does not deny Sponsors from raising any other issue within their mandate throughout the duration of the PAA and the PAA VA nor does it operate to exclude or limit CRL's obligations or liabilities under the PAA and the PAA VA.

Kind regards,



Barry Potter
Sponsors' Representative

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

26 July 2023

OC230603

Hon David Parker

Minister of Transport

REGULATION OF PUBLIC TRANSPORT BILL - SECOND READING SPEECH

Purpose

To provide you with a Second Reading speech, a legislative statement, and background information on the Land Transport Management (Regulation of Public Transport) Amendment Bill (the Bill).

Key points

- The Public Transport Operating Model (PTOM) is the current framework for planning and procurement of public transport bus and ferry services, which has been in place since 2013. PTOM was focused on competition and commerciality, but negatively impacted bus driver wages and conditions which contributed to significant bus driver shortages and declining service provision.
- Following a review of PTOM, Cabinet agreed to replace PTOM with the Sustainable Public Transport Framework (SPTF). The SPTF prioritises mode-shift, fair and equitable treatment of the workforce, and improved environment and health outcomes. The Bill establishes the SPTF in legislation.
- The key changes in the Bill include embedding the SPTF objectives in the regulation of public transport, enabling public ownership and operation of public transport services, and establishing a new transparency requirement, including in relation to operating costs and financial performance of operators.
- The Bill was referred to the Transport and Infrastructure Committee (the Committee) in March 2023. Following public consultation, the Committee is recommending changes to the Bill (all of which we recommended in our Departmental Report on the Bill). The recommended changes include incorporating the concepts of equitable access and land-use integration in the regulation of public transport and better providing for inter-regional public transport services.
- The Committee is expected to report back on the Bill by 31 July 2023. We have provided a Second Reading speech in Annex 1 and a legislative statement in Annex 2.

- Waka Kotahi NZ Transport Agency (Waka Kotahi) has progressed development of operational policy to support implementation of the SPTF in parallel with the passage of the Bill.
- Passage of the Bill will embed the SPTF in legislation, enable public provision of public transport services, and ensure the planning and provision of public transport services is aligned to broader outcomes than competition and commerciality.



Helen White
Manager, Mobility and Safety
 26 / 07 / 2023

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Helen White, Manager, Mobility and Safety	s 9(2)(a)	
Jacob McElwee, Principal Adviser, Mobility and Safety		✓

REGULATION OF PUBLIC TRANSPORT BILL - SECOND READING SPEECH

The Bill establishes the Sustainable Public Transport Framework (SPTF), which is replacing the Public Transport Operating Model (PTOM)

An initial concern about PTOM was that it negatively impacted drivers' terms and conditions

- 1 PTOM is the current framework for planning, procurement, and contracting of bus and ferry services. It has been in place since 2013. PTOM was intended to increase the commerciality of public transport services and reduce reliance on subsidies by ensuring competition for the provision of services.
- 2 Under PTOM, regional councils (including Auckland Transport (AT)) are responsible for planning and service delivery, with services contracted out to private operators. PTOM enabled regional councils to implement significant changes to their public transport networks, especially in larger urban areas such as Auckland and Wellington. This has had benefits of allowing a transition to more co-ordinated public transport systems, with integrated services and ticketing. However, issues with the PTOM model have been identified.
- 3 An initial concern about PTOM was that it negatively impacted bus drivers' wages and conditions. Research commissioned by the Ministry found that bus drivers' employment conditions and wages rates were directly impacted by changes in the contracting and operating environment. Poor wages and conditions under PTOM contributed to chronic labour shortages, which were made more acute by the COVID-19 pandemic.
- 4 In response to major driver shortages and increasing service cancellations, public transport authorities¹ reduced timetables to improve certainty for users. For example, bus timetables were significantly reduced in Wellington in July 2021, in Christchurch in December 2021, and Auckland in May 2022 and October 2022.

In August 2022 Cabinet agreed to establish the SPTF

- 5 We completed a review of PTOM in 2022, which identified opportunities to align the regulation of public transport with the Government's desired outcomes and to address known issues and challenges in the sector.
- 6 Following the review, Cabinet noted the Minister of Transport intends to replace PTOM with the SPTF with the following objectives:
 - 6.1 public transport services support mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe;
 - 6.2 employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services;

¹ Public transport authorities are regional councils, Auckland Transport, unitary authorities (other than Auckland Council) and territorial authorities that have the public transport function. For the purposes of Part 5 of the Land Transport Management Act 2003 these are referred to as 'regional councils'.

- 6.3 well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology;
 - 6.4 provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives.
- 7 Cabinet also agreed to progress necessary legislative amendments to establish the SPTF and noted the Minister of Transport had asked Waka Kotahi NZ Transport Agency to develop operational policy to implement the SPTF [CAB-22-MIN-0293.01 refers].

The Bill establishes the SPTF in legislation

- 8 The Land Transport Management (Regulation of Public Transport) Amendment Bill (the Bill) establishes the SPTF, which will replace PTOM. The Bill aims to improve public transport service provision by aligning the regulation of public transport with Government objectives, allowing greater flexibility for public transport authorities (PTAs) around service delivery and operation, and encouraging greater collaboration between regional councils and territorial authorities. The Bill holds a category 3 priority (to be passed if possible before the 2023 general election) on the 2023 Legislation Programme.
- 9 The Bill primarily amends Part 5 of the Land Transport Management Act 2003 (LTMA), which governs the regulation of public transport. The Bill:
- 9.1 amends the principles that guide the planning, procurement, and operation of public transport to align the principles with the SPTF objectives
 - 9.2 enables PTAs to own public transport assets such as buses and depots (without the need to do so through a council-controlled trading organisation) and to operate public transport services
 - 9.3 establishes a transparency requirement for planning, procurement, and delivery of public transport services, including in relation to operating costs and financial performance of operators
 - 9.4 encourages greater collaboration between regional councils and territorial authorities, including in the preparation of regional public transport plans (RPTPs)
 - 9.5 improves the framework for exempt services², including clarifying the process to add and remove exemptions
 - 9.6 expands the definition of public transport to clarify the treatment of on-demand public transport services, enabling public transport authorities to provide a wide range of services.

² Currently exempt services are public transport services operated without a subsidy, such as the Waiheke ferry operated by Fullers, and all inter-regional public transport services. The operator of an exempt service sets the fares, routes, and timetables for that service.

- 10 The Bill was introduced to Parliament and referred to Select Committee in March 2023.

The Transport and Infrastructure Committee is recommending some changes to the Bill following public consultation

- 11 The Transport and Infrastructure Committee (the Committee) consulted on the Bill during April 2023 and received 56 submissions on the Bill. These included submissions from public transport authorities, local authorities, operators, unions, and special interest organisations. Most submitters (44) supported the Bill.
- 12 The Committee is recommending changes to the Bill following consultation, all of which we recommended in our Departmental Report on the Bill. The key recommended changes are to:
- 12.1 incorporate equitable access and land use integration in the overarching principles
 - 12.2 better provide for inter-regional public transport services by:
 - 12.2.1 modifying the exemption for inter-regional public transport so they are treated the same as services within a region. This will mean commercial inter-regional services will remain exempt, but subsidised inter-regional services will need to be provided under the SPTF
 - 12.2.2 requiring regional councils that propose to provide an inter-regional public transport service to consult with the local authorities in which the service would operate
 - 12.2.3 including a transitional provision in the Bill that allows existing subsidised inter-regional services, such as the Capital Connection³ to continue operating as a subsidised exempt service, which is required to ensure the service can continue operating until it is transitioned to being a Greater Wellington Regional Council service
 - 12.3 make minor improvements to the framework for exempt services, including:
 - 12.3.1 clarifying the meaning of 'subsidy'
 - 12.3.2 ensuring decision making around removing exemptions factors in whether sufficient funding is available for the service to be provided by a PTA
 - 12.3.3 a transitional provision to clarify the Bill will not impact any exemption reviews underway (such as Waka Kotahi's review of the exemption for the Fullers ferry service to Waiheke Island)
 - 12.4 require PTAs to take into account the views of unions and the public transport workforce when adopting a regional public transport plan

³ The Capital Connection is a subsidised inter-regional train service between Wellington and Palmerston North that is currently treated as an exempt service.

- 12.5 clarify that the transparency requirements in the Bill do not require any information to be disclosed by regional councils or Waka Kotahi NZ Transport Agency (Waka Kotahi) if there would otherwise be grounds to withhold it under the Local Government Official Information and Meetings Act 1987 or the Official Information Act 1982.

Transport and Infrastructure Committee is due to report back to the House by 31 July 2023

- 13 The previous Minister of Transport requested that the Committee report back on the Bill by 31 July 2023 and we understand the Committee is on track to meet this timeline. There will be four sitting weeks in August 2023 for the final stages of the Bill before the House rises. Passage of the Bill will embed the SPTF in legislation enable public provision of public transport services, and ensure the planning and provision of public transport services is aligned to broader outcomes than competition and commerciality.
- 14 We have provided a Second Reading speech in Annex 1 and a legislative statement in Annex 2.

Waka Kotahi is developing operational policy in parallel with the passage of the Bill

- 15 In August 2022 the then Minister of Transport wrote to Sir Brian Roche, Chair of the Waka Kotahi Board, regarding the establishment and implementation of the SPTF. Consistent with Cabinet decisions, in this letter the Minister set expectations that Waka Kotahi would develop operational policy to support the SPTF reforms, including:
- 15.1 to give effect to the SPTF objectives, including to protect and improve bus driver terms and conditions
- 15.2 to support different asset ownership arrangements
- 15.3 to support increased transparency of operating costs and financial performance of public transport operators
- 15.4 guidance to improve partnering between public transport authorities (PTAs) and operators through procurement and contracting
- 15.5 guidance on processes relating to exempt services and on establishing public transport units.
- 16 Waka Kotahi has made significant progress on developing operational policy to support the reforms based on the mandate from Cabinet and the previous Minister of Transport. The passage of the Bill will strengthen the impact of operational policy – and ensure it is enduring.

ANNEX 1: SECOND READING SPEECH

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

ANNEX 2: LEGISLATIVE STATEMENT

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982



House of Representatives: Second reading speech for the Land Transport Management (Regulation of Public Transport) Amendment Bill

Second reading speaking points

Paper Title: Land Transport Management (Regulation of Public Transport) Amendment Bill

Portfolio: Transport

Speech

- I present a legislative statement on the Land Transport Management (Regulation of Public Transport) Amendment Bill.
- I move, that the Land Transport Management (Regulation of Public Transport) Amendment Bill be now read a second time.
- This Bill is part of the Government's commitment to improve public transport in Aotearoa New Zealand, and in turn, strengthen employee welfare and improve environmental and health outcomes.
- This Bill aims to realign the framework governing public transport planning and provision with Government objectives through the establishment of the Sustainable Public Transport Framework (SPTF), addressing issues identified by the PTOM Review.
- This Bill does this in several ways, including:
 - establishing new governing principles
 - creating greater flexibility around asset ownership and service provision models
 - enabling innovation in the types of services that can be provided, including supporting the provision of on-demand public transport services
 - creating new transparency and planning requirements
 - altering and clarifying the regulation of exempt service.
- We have already taken important steps to reduce our public transport emissions through requiring that only zero emission buses are purchased from 2025 and provided funding to decarbonise the bus fleet through Budget 22. Through Budget 22 and 23 we also funded improved bus driver wages and conditions. The SPTF is the next step towards embedding improved workforce and environmental outcomes in the public transport system.

What will this Bill change?

- This Bill amends the Land Transport Management Act 2003, replacing PTOM with the Sustainable Public Transport Framework.

- This framework will place workers and public transport users at the heart of public transport procurement, planning and provision while retaining successful components of PTOM. It will support workforce recruitment and retention, and prioritise fair and equitable treatment of employees, mode shift, and environmental and health outcomes.
- It will enable on-demand public transport services and enable public transport authorities to own assets and operate services, allowing tailored solutions for communities and greater service flexibility. New notice requirements for the withdrawal of integral exempt services will provide surety to regional councils and users.
- It also introduces new transparency and planning requirements, strengthening collaboration between regional council and operators.
- Overall, this Bill brings us a step closer to delivering positive environmental, social and public transport specific outcomes.

Now on to the changes proposed by the Committee

- I would like to take this opportunity to acknowledge the work of the Transport and Infrastructure Committee and thank them for their time and contribution to the development of this Bill.
- I would also like to thank the 54 organisations and individuals who submitted on this Bill. The diverse range of expertise shared by these submitters has been integral to getting the Bill to this stage today.
- I support the recommendations made by the Committee and I would like to touch briefly on several of the changes to the Bill.
- The first change removes the automatic exemption for inter-regional services.
- This change was among the most advocated changes by submitters. It amends the treatment of inter-regional services, making it so they are treated the same as services within a region. With this change, inter-regional services will only be exempt if they are not identified as integral and operate without a subsidy.
- This change reflects that inter-regional services are already a critical part of the public transport system, and makes it clear there should be collaboration across regional boundaries to plan and deliver these services.
- I would also like to note that a transitional provision has been included to ensure this change does not affect funding arrangements for existing subsidised but exempt inter-regional services. This will prevent current services from being negatively impacted and provide more flexibility for regional councils.
- The second change clarifies which exempt services do not need to be registered – limited to certain unscheduled services and shuttle services. This is necessary to ensure

scheduled public transport services continue to be registered, enabling continued regional council oversight of the public transport system.

- The third change I want to mention will ensure sufficient regional council funding is available before the Minister recommends the removal of a service exemption. I agree with the Committee that consideration needs to be given to regional councils' ability to fund services if an exemption is removed.
- I also want to bring to the House's attention that changes have been made to the guiding principles. Specific mention of supporting equitable access and coordination of public transport services with land use have been included. It makes sense that these two vital components of an effective public transport system are directly mentioned.
- Following feedback from submitters, the Committee has recommended a clarification to the transparency requirements, which I agree with. The change clarifies that if information is requested, it does not need to be disclosed by a regional council or Waka Kotahi if there are grounds to withhold it under other relevant legislation. This ensures improved transparency between operators, regional councils, and Waka Kotahi, while protecting commercially sensitive information.
- Finally, the Committee recommended changes to regional public transport plan (RPTP) requirements.
- Changes to RPTP requirements will ensure consistency with the guiding principles. Removing commerciality and competition-based requirements reflects the shift towards a more holistic approach to public transport provision.
- Meanwhile, requiring regional council consideration of public transport worker and representative union views when preparing RPTPs supports fair and equitable workforce treatment.

Conclusion

- Again, I want to thank all those who submitted on the Bill, and would like to acknowledge your participation in the democratic process.
- This Bill is another milestone in the Government's Emissions Reduction Plan. The establishment of the Sustainable Public Transport Framework, which will replace PTOM, is necessary to lay the foundations to achieve emissions reductions through mode-shift and decarbonising public transport. The reforms also address systemic issues in the sector and improve the regulation of public transport services.
- I commend the Land Transport Management (Regulation of Public Transport) Amendment Bill to the House.

Legislative Statement for the Land Transport Management (Regulation of Public Transport) Amendment Bill

Presented to the House of Representatives in accordance with Standing Order 272

Introduction

1. The policy objective of the Land Transport Management (Regulation of Public Transport) Amendment (the Bill) is to establish the Sustainable Public Transport Framework (SPTF), which will replace the Public Transport Operating Model (PTOM). The SPTF is a new framework for the planning, procurement, and delivery of public transport services. In achieving this policy objective, the Bill also removes barriers to decarbonisation and clarifies and improves the regulation and administration of some public transport services. To achieve these outcomes the Bill:
 - embeds the SPTF objectives in the regulation of public transport which prioritise mode-shift, fair and equitable treatment of employees, and improved environment and health outcomes
 - enables regional councils to operate public transport services
 - enables regional councils to own assets directly by removing the requirement for a local authority's interests in public transport services to be held in a council-controlled trading organisation
 - establishes a new requirement for public transport services to be planned, procured, and operated in an open and transparent manner
 - encourages greater collaboration between regional councils and territorial authorities
 - improves the framework for exempt services
 - expands the definition of public transport to clarify the treatment of on-demand public transport services
2. The Bill will amend the Land Transport Management Act 2003 (the Act).

Background

3. PTOM is the framework that governs how public transport bus and ferry services are planned, procured and delivered. It has been in place since 2013.
4. Following the PTOM review Cabinet agreed to replace PTOM with the SPTF. The SPTF will retain some of the structural features of PTOM, including retaining the responsibilities of public transport authorities¹ (PTAs) for planning, procuring, and delivering services. However, the SPTF is being developed with four new overarching objectives:
 - public transport services support mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe
 - employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services

¹ Public transport authorities are regional councils, Auckland Transport, unitary authorities (other than Auckland Council) and territorial authorities that have the public transport function.

- well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology
 - provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives.
5. The SPTF will be implemented through the Bill and through the development of operational policy, which is the responsibility of Waka Kotahi NZ Transport Agency.

Provisions in the Land Transport Management (Regulation of Public Transport) Amendment Bill

6. Key provisions of the Bill:

- **embed the SPTF objectives in the regulation of public transport** – clause 9 amends the principles that guide the performance of functions by Waka Kotahi and PTAs to align them with the SPTF objectives
- **enable regional councils to own and operate public transport services:**
 - i. clause 6 creates an exception for public transport services from the requirement:
 1. to outsource activities to receive funding from the National Land Transport Fund
 2. that Waka Kotahi considers the desirability of enabling competition and encouraging competitive and efficient markets when approving a procurement procedure
 - ii. clause 7 allows regional councils to directly own public transport services, infrastructure, and associated assets – removing the requirement these interests are held through a council-controlled trading organisation
 - iii. clause 10 modifies the requirement that public transport services are contracted, unless exempt, such that this requirement only applies when services are outsourced
- **establish a transparency requirement for planning, procurement, and delivery of public transport services** –
 - i. clause 10 establishes a broad openness and transparency requirement, and establishes a specific requirement for openness and transparency in relation to operating costs, service performance, the vehicles and vessels used to operate services, the financial performance of operators, and the aggregate terms and conditions of the workforce
 - ii. clause 16 expands Waka Kotahi's power to require information from PTAs to include information in relation to the matters identified in clause 10
- **encourage greater collaboration between regional councils and territorial authorities**
 - i. clause 13 establishes a requirement that PTAs identify in regional public transport plans the infrastructure necessary to support the public transport services identified as integral
 - ii. clause 14 requires PTAs, when adopting regional public transport plans, to take into account:

1. the transport component of any publicly consulted plan or strategy of a local authority within the region
 2. the views of territorial authorities in the region
 - iii. clause 15 establishes a new requirement that PTAs, except Auckland Transport, prepare a draft Regional Public Transport Plan (RPTP) in collaboration with the territorial authorities in the region
- **improve the framework for exempt services**
 - i. clause 18 increases the new minimum notice period to withdraw an exempt service that has been identified as integral in a RPTP to 60 working days
 - ii. clause 19:
 1. clarifies that Waka Kotahi should investigate whether an exemption should be added or removed if requested to do so by the Minister or PTA
 2. aligns the criteria for adding or removing an exemption with the SPTF objectives
 - **expand the definition of public transport to clarify the treatment of on-demand public transport services**
 - i. clause 4 expands the definition of 'public transport service' in relation to Part 5 of the Act to include unscheduled (on-demand) public transport services and shuttle services
 - ii. clause 8:
 1. expands the scope of exempt services to include commercial on-demand services and commercial shuttle services
 2. expands the definition of a 'unit' to provide PTAs with flexibility to identify in RPTPs a wide range of public transport service types
 - iii. clause 17 allows some exempt on-demand services to operate without being registered with the relevant PTA.

Amendments made by select committee

7. The Transport and Infrastructure Committee has examined the Bill and recommended that it be passed with amendments. The amendments are consistent with the policy intent of the Bill, and respond to some matters raised by submitters and clarify aspects of the regulation of public transport services. The key recommended changes to the Bill are to:
 - better provide for inter-regional public transport services by:
 - i. treating them the same as services within a region – commercial services will remain exempt, but subsidised services will be subject to the framework for planning, procurement, and operation of services (revised clause 8)
 - ii. requiring regional councils that propose to provide an inter-regional public transport service to consult with the local authorities in which the service would operate (revised clause 15)
 - iii. including a transitional provision in the Bill that allows existing subsidised inter-regional services to continue operating as exempt services (new schedule Part 3 – clause 12)
 - make minor improvements to the framework for exempt services, including:
 - i. clarifying the meaning of 'subsidy' (revised clause 4)

- ii. ensuring decision making around removing exemptions factors in whether sufficient funding is available for the service to be provided by a PTA (revised clause 19)
- iii. a transitional provision to clarify the Bill will not impact any exemption reviews underway (new schedule Part 3 – clause 13)
- require PTAs to take into account the views of unions and the public transport workforce when adopting a regional public transport plan (revised clause 14)
- clarify that the transparency requirements in the Bill do not require any information to be disclosed by regional councils or Waka Kotahi NZ Transport Agency (Waka Kotahi) if there would otherwise be grounds to withhold it under the Local Government Official Information and Meetings Act 1987 or the Official Information Act 1982 (revised clause 10).

Conclusion

8. The amendments in the Bill support the successful implementation of the Sustainable Public Transport Framework and associated reforms to the regulation of public transport. The amendments are necessary to address systemic issues affecting the sector, remove barriers to decarbonisation, and to clarify and improve the regulation and administration of public transport services.

Hon David Parker
Minister of Transport

26 July 2023

OC230654

Hon David Parker**Action required by:****Minister of Transport**

As soon as practicable

UPDATE ON COMMUNITY CONNECT TRANSITIONAL ARRANGEMENTS

Purpose

To seek your approval to extend the Community Connect transitional funding arrangements for Greater Wellington Regional Council (GWRC) and Environment Canterbury (ECAN).

Key points

- Cabinet agreed to establish Community Connect (a half price subsidy on adult public transport fares) for Community Service Card holders in Budget 2022. In Budget 2023, the Government agreed to extend the Community Connect scheme, providing \$327 million over four years to deliver:
 - half price fares for 13 – 24-year-olds (under 25s)
 - half price Total Mobility fares for Total Mobility card holders
 - free public transport fares for 5 – 12-year-olds (under 13s).
- Public transport authorities (PTAs) have been working at pace to deliver the Community Connect extensions. While most PTAs were able to implement Community Connect on 1 July 2023, two PTAs sought transitional arrangements. You agreed to fund [OC23011 refers]:
 - half price fares for existing GWRC child concessions and a proportion of verified tertiary concessionaires (to reflect patronage of under 25s) until 31 July 2023.
 - ECAN's interim proposal to provide half price fares for 5–24-year-olds (half price from the \$2 base fare), until 1 August 2023.
- These transitional arrangements allowed GWRC and ECAN time to update their ticketing system (which is required to enable full delivery of the Community Connect extension). GWRC and ECAN have advised Waka Kotahi that they cannot achieve the indicative implementation dates and now expect to complete the ticketing changes by 1 September 2023. They have sought an extension to the transitional Government funding

- We seek your approval to extend funding for the transitional arrangements until ECAN and GWRC can fully implement Community Connect. The interim funding arrangements are within the scope of the existing appropriation and are less expensive than full implementation.
- Although implementation of free fares for under 13s will be delayed in these regions, we understand each PTA is motivated to deliver the changes as quickly as possible:
 - GWRC are providing broader fare discounts and self-funding universal half-price fares during this period.
 - The public interest in free fares for under 13s is a key driver for ECAN to deliver quickly
- We will keep you updated on implementation and inform you of any changes to expected implementation dates.

Recommendations

We recommend you:

- 1 **note** Greater Wellington Regional Council (GWRC) and Environment Canterbury (ECAN) expect to fully implement Community Connect by 1 September 2023.
- 2 **agree** to extend funding half price fares for existing GWRC child concessions and a proportion of tertiary verified users (to reflect under 25-year-old patronage) until Community Connect concessions are implemented. Yes / No
- 3 **agree** to extend ECAN's interim proposal to provide half price fares for 5–24-year- (half price from the \$2 base fare), until Community Connect concessions are implemented. Yes / No



Helen White
Manager Mobility and Safety

26 / 07 / 2023

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

- ☐ Approved
 ☐ Declined
☐ Seen by Minister
 ☐ Not seen by Minister
☐ Overtaken by events

Comments

Contact

Name	Telephone	First contact
Helen White, Manager Mobility & Safety	s 9(2)(a)	✓

27 July 2023

OC230620

Hon David Parker
 Minister of Transport

MEETING WITH SMARTGROWTH LEADERSHIP GROUP - 1 AUGUST 2023

Snapshot

You are meeting with the leadership group of SmartGrowth (the Urban Growth Partnership for Tauranga and the western Bay of Plenty sub-region) to discuss long-term growth and enabling infrastructure across the western Bay of Plenty sub-region, as well as the associated challenges and opportunities.

Time and date	3.45pm-4.15pm, 1 August 2023
Venue	Hon Robertson's Office, Parliament Buildings, Wellington
Attendees	Hon Grant Robertson Hon Dr Megan Woods Hon Anne Tolley – Tauranga City Council Commission Chair Stephen Selwood – Tauranga City Council Commissioner James Denyer – Mayor, Western Bay of Plenty District Council Doug Leeder – Chair, Bay of Plenty Regional Council Annabel Bayes – Strategic Advisor to Mayor and Chief Executive, Tauranga City Council
Officials attending	Brad Ward, DCE Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) John McDonald, HUD Partnership Director
Agenda	Attached in annex 3
Talking points	Attached in annex 2

Contacts

Name	Telephone	First contact
Daniel Cruden, Acting Manager, Placemaking and Urban Development	s 9(2)(a)	✓

Kathleen Wong, Adviser, Placemaking and Urban Development	s 9(2)(a)	
---	-----------	--

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Meeting with SmartGrowth leadership group - 1 August 2023

Key points

- You are meeting with Tauranga Commissioners and the broader SmartGrowth leadership group to discuss long term growth and enabling infrastructure across the western Bay of Plenty sub-region, as well as the associated challenges and opportunities. In particular, we understand the Commissioners wish to discuss **Tauriko SH29 Network Connections Detailed Business Case (DBC)** and **alternative transport funding mechanisms**.
- The western Bay of Plenty sub-region has grown significantly over the past 60 years and continues to be one of the fastest growth areas in Aotearoa New Zealand. This has put pressure on the sub-region's infrastructure and services, especially housing and transport, and has been a focus for SmartGrowth (the Urban Growth Partnership for Tauranga and the western Bay of Plenty sub-region).
- Current SmartGrowth Transport Priorities for the western Bay of Plenty sub-region focuses on three projects: Takitimu North Link Stage 2, Tauriko Network Connections, and Connecting Mount Maunganui.
- Waka Kotahi advises that these investments will need to be staged carefully to limit adverse impact to the network due to a large amount of simultaneous construction activity.
- The SmartGrowth approach to population growth is aligned with current and future investment and is staged and sequenced. Too widespread an approach could undermine existing and planned transport investment, and government and SmartGrowth growth outcomes. The SmartGrowth Strategy is expected to go out for public consultation in October 2023.
- The Tauriko SH29 Network Connections Detailed Business Case will go to the Waka Kotahi Board for consideration in September 2023. Funding for future stages beyond the DBC has not been confirmed, but it will be considered as part of the 2024-27 National Land Transport Programme (NLTP) prioritisation process. If the DBC is endorsed, the Waka Kotahi project team will continue to ready the project for proceeding to an RMA process should funding become available.
- Tauriko SH29 Network Connections is the Tauranga City Council Commissioners' top priority as it unlocks further industrial and housing growth in the Western Corridor (up SH29) and provides reliable and safe access for freight to and from the Port of Tauranga.
- The SmartGrowth partners have completed a proof-of-concept study for road pricing in Tauranga. The study concluded that rates increases are constrained by affordability and that options like a regional fuel tax are either unfeasible or will not deliver sufficient revenue. We understand that the partners intend to proceed with the second stage of the study (which will include assessing equity implications) after discussing the first phase with you, and potentially other Ministers.
- Suggested talking points for the two main agenda items are attached to this briefing.

SmartGrowth Transport Priorities for western Bay of Plenty

- 1 SmartGrowth is the Urban Growth Partnership for Tauranga and the western Bay of Plenty (BOP) sub-region). It comprises the Crown (represented by the Minister of Housing and Minister of Transport), Tauranga City Council (TCC), Western Bay of Plenty District Council, Bay of Plenty Regional Council, mana whenua, Waka Kotahi, a Three Waters entity, Priority One¹, Te Whatu Ora – Te Mānawa Taki. Kāinga Ora and the Department of Internal Affairs are involved at the Senior Managers Group level.
- 2 SmartGrowth Partners have approved the delivery of the Urban Form and Transport Initiative Connected Centres programme, an integrated land use and transport programme for approximately 200,000 additional people, 95,000 new homes, and two million additional transport movements per day within the next 30 to 70+ years.
- 3 The Transport System Plan complements Urban Form and Transport Initiative and provides a partnership and framework focussed at delivering the transport priorities of the sub-region.
- 4 SmartGrowth has identified three priority transport projects for the Western Bay of Plenty sub-region. These projects are led by Waka Kotahi, and further detail is shown in the table below:

Project	Current status	Cost of next phase(s)	Comments
Takitimu North Link Stage 2	New Zealand Upgrade Programme (NZUP) funding for route protection only. RMA approval applications to be lodged late 2023.	Implementation: \$1 billion (unfunded).	Stage 1 is already in construction, funded through NZUP. While construction is progressing at pace, Stage 1 is facing cost increases and potential delays, as a result of an appeal against an Archaeological Authority by a local hapū related to their desire for exclusive mana whenua over the affected area.
Tauriko Network Connections	Detailed Business Case (DBC) to go to September 2023 Waka Kotahi Board meeting. DBC has been endorsed by Councils and SmartGrowth.	Total: \$2.3 - \$2.8 billion. (Below costs are at P95 confidence level). Pre-implementation (including route protection): \$2.7 million. Implementation:	Proposal is for Stage 4 (offline solution for SH29) to be staged to start approximately 2041. Councils want all phases to be funded and to start immediately.

¹ Western Bay of Plenty region's economic development organisation. Their role is to grow a sustainable economy that improves productivity and delivers prosperity to local people and communities.

		<p>Omanawa Bridge replacement: \$206 million.</p> <p>Stage 3 (SH29A): \$1.1 billion.</p> <p>Stage 4 (SH29): \$1.5 billion.</p>	<p>The DBC has not yet gone to the Waka Kotahi Board for consideration.</p> <p>No funding is currently available for future phases (beyond completion of the Business Case). Funding will be sought through the 2024-27 National Land Transport Programme (NLTP). Any construction is likely to begin after 2030.</p> <p>An offline solution for SH29, if endorsed, would take a number of years to consent and build.</p>
Connecting Mount Maunganui	<p>Joint TCC and Waka Kotahi business case looking at SH2 Hewletts Road and broader Mount Maunganui area, including around the Port of Tauranga.</p> <p>Indicative Business Case to be completed by the end of 2023 and sent to the Waka Kotahi Board for consideration in late 2023 or early 2024.</p> <p>DBC to follow in 2024.</p>	<p>Early estimates indicate a total cost of approximately \$650 million.</p> <p>Funding for future stages of the project is not confirmed and will be considered as part of the 2024-27 NLTP prioritisation process.</p>	<p>Current focus is working with local hapū, including those based at Whareroa Marae.</p>

- 5 Waka Kotahi has a strong view that these investments need to be carefully staged over 15 to 20 years to deliver benefits whilst limiting adverse impact on the network of a large amount of simultaneous construction activity.

Transport System Plan Partners

- 6 Western BOP transport system plan (TSP) partners (the partners), which comprises of TCC, WBOP Council, BOP Regional Council, tāngata whenua, Waka Kotahi, Port of Tauranga, Priority One, and KiwiRail, have an agreed purpose to guide future development across the area sustainably. Current challenges and constraints identified are:
- High reliance on single occupancy vehicles and increasing traffic volumes have a negative impact on efficient movement of people and goods.

- Western Bay of Plenty's harbour geography and existing dispersed land use patterns.
- 7 TCC, like most councils, faces affordability challenges going into its next Long-Term Plan. This will require trade-offs and extended staging of projects. Transport System Plan partners are actively discussing the deliverability of the broad range of transport projects in the region to manage:
- Resourcing within Waka Kotahi, councils and suppliers (i.e., consultants and contractors)
 - The transport network's ability to cope with construction. As the network is already very congested, even small amounts of construction tend to generate huge impacts. This means improvements need to be carefully phased to avoid significant impacts on people and freight's ability to move around the sub-region².
- 8 Transport System Plan partners are also discussing the following opportunities:
- The next tranche of transport projects to address the current problems through the development of the updated Transport Network Operation Framework.
 - Developing a vehicle kilometre travelled (VKT) reduction programme that will set out how to best reduce the need to travel and encouraging mode shift to more sustainable modes.
 - Community communication and engagement to assist in behaviour change in the way people are travelling and using the transport system.
- 9 Transport System Plan partners could be tasked with completing a more detailed network view of how all investments could be staged and balanced with reducing reliance on cars and encouraging mode shift opportunities.

Housing supply and affordability

- 10 The SmartGrowth partnership is continuing to review and refresh the SmartGrowth Strategy and associated Housing and Business Development Capacity Assessment.
- 11 There is an acute housing shortage in Tauranga, and recently identified geological constraints on building heights have limited the ability of brownfields growth to address this need. In practice, the partners now anticipate it will only be economic to build to a maximum of three stories in much of the Te Papa Peninsula.
- 12 Waka Kotahi advises that themes it sees include:
- An acute shortage of housing which continues to worsen.
 - Sufficient industrial land in the short term, but more needed in the long term (10-20+ years).

² Current, planned and potential transport infrastructure delivery in the western Bay of Plenty sub-region includes: Takitimu Northern Link stage 1 (and potentially stage 2), Totara Road, Hewletts Road, Cameron Road, Baypark to Bayfair Link, Tauriko enabling works. The disruption, supply chain, and deliverability challenges that would result from parallel delivery of the Tauriko Network Connections programme would be significant.

- Poor ground conditions and natural hazards in key areas which limit the potential of brownfields development and intensification in the western BOP, especially in the Te Papa Peninsula, Mount Maunganui and Pāpāmoa.
- 13 There are very few feasible areas for greenfield development. Any new greenfield development will require significant infrastructure investment. This is especially true for industrial land which has more exacting requirements around gradient and land stability. The main areas being put forward by the partners for more, or earlier, residential growth are the Western Corridor and s 9(2)(i) Both require significant infrastructure investment to make growth deliverable.
 - 14 The areas for additional industrial land preferred by partners are Ōmokoroa and the Western Corridor (both within and beyond the areas envisioned in the current strategy).
 - 15 Given limitations on funding, financing, and delivery, it will be important to ensure that current and future investment is appropriately staged and sequenced to align with projected growth. Too widespread an approach risks undermining existing and planned transport investment, and government and SmartGrowth outcomes, if they do not service key growth areas appropriately.
 - 16 The SmartGrowth Strategy is expected to go out for public consultation in October 2023, with hearings held in November and December 2023, and decisions made and released in the first quarter of 2024.

Tauriko SH29 Network Connections Detailed Business Case

- 17 The Tauriko SH29 Network Connections DBC is being led by Waka Kotahi and will be presented in September 2023 to the Waka Kotahi Board for its consideration.
- 18 This is the long-term package of integrated land use and multi-modal transport development in the Western Corridor, for improvements in and around Tauriko, including a new offline State Highway 29 and significant improvements to a section of State Highway 29A (to Barks Corner / Cameron Road).
- 19 The DBC integrates with the Tauriko West Enabling Works package which was confirmed by TCC and the Waka Kotahi Board in 2022. Total project costs are approximately \$2.3-\$2.8 billion, making it a significant investment.
- 20 Waka Kotahi is proposing a staged delivery of the project, although the councils' endorsement notes they believe the project should be delivered in one stage immediately.
- 21 An offline solution for SH29, if endorsed, would take a number of years to consent and build.
- 22 Both the Urban Form and Transport Initiative and the Transport System Plan identify the project as a priority to deliver the Connected Centres concept³ and to support

³ Aims to: 1) increase the number of houses in existing urban and new growth areas to maximise available land, and support a well-functioning transport system; and 2) enable better access for everyone to local social and economic opportunities within a 15-minute journey time, and sub-regional social and economic opportunities within 30-45 minutes.

multimodal transport and freight outcomes and enable local urban growth (housing and employment land) in the Western Corridor.

- 23 Mana whenua are represented in the SmartGrowth forum. However, formal consultation on the project is at a very early stage and will be complex and cannot be rushed. Mana whenua involvement in SmartGrowth is not a proxy for the type of consultation that will be required should this project advance to the next phase.

Growth modelling and logic

- 24 The project relies primarily on the agreed joint sub-regional growth model, which utilises the endorsed growth pattern set out in the Urban Form and Transport Initiative. However, Waka Kotahi and TCC jointly conducted a sensitivity test which looked at a higher population and employment growth scenario (approximately 30,000 homes in the Western Corridor), to ensure the full build out of the western corridor would be futureproofed through the DBC.

Valuing housing supply and affordability in Transport Business Cases

- 25 The Waka Kotahi investment process is based on the investment criteria set by the Government through the Government Policy Statement on Land Transport (GPS-LT). The GPS-LT does not identify housing supply and affordability as investment priorities.
- 26 To account for this, a Wider Economic Benefits analysis was done for the DBC which accounted for the wider benefits of unlocking housing supply.

Supply chain logistics – on behalf of Upper North Island Strategic Alliance

- 27 The DBC delivers on the provision of reliable freight journeys as a key investment priority. This reflects the Upper North Island Freight Strategy which prioritises the SH1/29 connection for freight moving between the Port of Tauranga, Waikato, and Auckland.

Tauranga City Council and SmartGrowth position

- 28 This DBC is the TCC Commissioners' top priority as it unlocks further industrial and housing growth in the Western Corridor (up SH29) and provides reliable and safe access for freight to and from the Port of Tauranga.
- 29 The DBC was jointly endorsed by SmartGrowth, TCC, WBOP District Council and BOP Regional Council in late June 2023.

Next steps with Waka Kotahi

- 30 The DBC goes to the Waka Kotahi Board for consideration in September 2023. Funding for future stages of the project is not confirmed. It will be considered as part of the 2024-27 National Land Transport Programme prioritisation process. There will not be funding available to do further substantive work on the project between potential Board endorsement and the potential release of funding from the 2024-2027 NLTP; however, the Waka Kotahi project team will continue to ready the project for proceeding to a Resource Management Act 1991 (RMA) process should funding become available.

Variable road pricing in Tauranga

- 31 The SmartGrowth partners have completed a proof-of-concept desktop study for road pricing in Tauranga. This study is an early feasibility study based on a set of untested assumptions using models and scenarios. The key purpose of introducing road pricing is to support the Urban Form and Transport Initiative objectives by maximising the use of the existing transport network and raise additional revenue. The road pricing scheme contemplated is not currently legal in Aotearoa New Zealand.
- 32 A perceived lack of alternative revenue sources is a key reason for investigating road pricing in Tauranga. Alongside the road pricing study, SmartGrowth partners have conducted a review of alternative revenue options (for example, increasing rates or introducing a regional fuel tax). Among other things, this study concluded that rates increases are constrained by affordability and that options like a regional fuel tax are either unfeasible or will not deliver sufficient revenue.
- 33 s 9(2)(i)
- 34 s 9(2)(i)
- 35 The study proposes using Automatic Number Plate Recognition cameras to identify vehicles travelling in the pricing area. Approximately 95 cameras would be needed across the network. Costs are forecast to vary quite widely depending on the exact design of the scheme.
- 36 No analysis has been done on the equity implications of the scheme. This analysis is intended to take place in the next phase of the study. The Tauranga community has not yet been consulted on the potential introduction of road pricing.
- 37 The Ministry of Transport has been briefed on the proof-of-concept study. As proposed, we do not consider that it would fit within the framework set out in the Land Transport Management (Congestion Charging) Amendment Bill because of the focus on raising revenue rather than targeting times and areas to reduce congestion.
- 38 We are keen to understand the equity implications, plans for investing in alternative forms of transport and plans for public engagement/consultation. We are also interested in what alternative approaches have been considered for raising additional revenue. We also have questions about the 'variable' nature of the pricing – as described in the study, the same price would always apply.

Updates on other projects

Tauriko West Enabling Works

- 39 The enabling works package includes three intersection improvements on SH29 in Tauriko, to enable housing and industrial growth in Tauriko West.
- 40 This includes enabling the first 2,000 homes in Tauriko West, primarily from three key developers including Kāinga Ora's Ferncliffe Farm. This project is currently in the consenting and procurement phases, and construction is intended to start late this coming summer.
- 41 Delivery of the houses will start once the Tauriko Enabling Works are complete, estimated mid to late 2026.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

Annex 1: Biographies

 <p>Hon Anne Tolley <i>Tauranga City Council Commission Chair</i> Hon Anne Tolley has had a wide experience in local and national politics over the last 30 years. Anne served for nine years as a Government minister, holding the portfolios of Education, Police, Corrections, Social Development, Children and Local Government.</p>	 <p>Stephen Selwood <i>Tauranga City Council Commissioner</i> Stephen Selwood is a professional director and an expert in infrastructure vision, strategy and policy. Stephen provides public policy advice to the infrastructure sector as a director of Selwood Infrastructure Advisory. He was also founding Chief Executive of Infrastructure New Zealand and member of the Board of the New Zealand Infrastructure Commission – Te Waihanga.</p>
 <p>James Denyer <i>Mayor, Western Bay of Plenty District Council</i> James Denyer was previously a councillor for the Katikati and Waihi Beach wards in the WBOP before he was elected Mayor in 2022. His focus areas are to increase community connection throughout the district to work together to develop the WBOP plan, and to make the wider BOP environment accessible to all.</p>	 <p>Doug Leeder <i>Chair, Bay of Plenty Regional Council</i> Doug Leeder is Chair of Bay of Plenty Regional Council. He is a dairy farmer, and has held positions of governance in Federated Farmers, was a Director and Chair of Bay Milk Products, Director of the East Bay Health Board, Chair of Subsidiary East Bay Energy Trust, Chair of NZ Dairy Group and Dairy Insight and Director of DEXCEL.</p>
 <p>Annabel Bayes <i>Strategic Advisor to Mayor and Chief Executive, Tauranga City Council</i> Annabel Bayes has previously worked for New Zealand Police in a national strategic role as the principal advisor for Police's assets and infrastructure, developing strategy, managing key partnerships and planning portfolio investment to enable effective service delivery and safer communities and better outcomes for all New Zealanders.</p>	

Annex 2: Talking Points

You may wish to ask the following questions about housing and the Tauriko SH29 Network Connections DBC:

- How do you ensure limitations with funding, financing and delivery are accounted for in future and planned transport investment, as well as government and SmartGrowth outcomes to accommodate for this growth?
- What benefits do you see delivering the Tauriko SH29 Network Connections in one stage immediately rather than the Waka Kotahi recommended staged approach?
- *(If asked about funding for future stages of the Tauriko SH29 Network Connections)* This matter sits with the Waka Kotahi Board who are better placed to answer any questions related to future funding.

You may wish to ask the following questions about variable road pricing:

- What are your plans for the next stage of the road pricing study?
- When do you intend to engage with the community?
- What are the benefits of 'variable pricing' versus congestion charging?
- What investments in alternative transport options are necessary to make road pricing more of a viable option?

Annex 3: Agenda

- Presentation (10mins) - to include;
 - Western Bay's Growth Story
 - SmartGrowth agreed Transport Priorities for Western Bay of Plenty
 - Regional Housing supply and affordability
- Tauriko SH29 Network Connections DBC:
 - Waka Kotahi Board consideration 17th August 2023 (now scheduled for September 2023)
 - Growth modelling and logic
 - Valuing housing supply and affordability in Transport Business Cases
 - Supply chain logistics – on behalf of Upper North Island Strategic Alliance
- Alternative Funding mechanisms
 - Variable Road pricing – proof of concept
 - The barrier and constraints to Council's 'doing business' and the challenges and opportunities in front of us

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982