

OC230370

19 June 2023

Tēnā koe

I refer to your email dated 1 May 2023 requesting the following under the Official Information Act 1982 (the Act):

*“a copy of all reports, briefings and advice that the Ministry provided to the Minister of Transport in April 2023, excluding Weekly Reports.”*

On 26 May 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.

On 1 June 2023, in a discussion between yourself and Megan Shields, Team Leader Official Correspondence, you agreed to exclude Official Information Act briefings and proactive release briefings from your request.

There were 28 documents in scope of your refined request:

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

As noted above, I am withholding the titles of eight briefings. Both the titles and the contents of these documents remain under active consideration, therefore no further detail 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)(i)    | to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities   |
| 18(d)      | the information requested is or will soon be publicly available   |

The document schedule at Annex 1 summarises the above information.

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](http://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 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	OC230236	Waka Kotahi NZTA Performance: 2022/23 Year-to-date	Released with some information withheld under Sections 9(2)(a), 9(2)(g)(i) and 9(2)(i).
2	OC230217	Briefing Seeking Agreement to Revise Charges for Taupō Airport	Released with some information withheld under Sections 9(2)(a) and 9(2)(b)(ii).
3	OC230198	Auckland Light Rail Limited Draft Letter of Expectations for 2023/24	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(i).
4	OC230257	Meeting with City Rail Link Limited's Chair and Chief Executive on 12 April 2023	Released with some information withheld under Sections 9(2)(a), 9(2)(ba)(i), 9(2)(b)(ii), 9(2)(f)(iv) and 9(2)(g)(i).
5	OC230307	Transport Chapter ERP Dashboard as at 30 March 2023	Released with some information withheld under Section 9(2)(f)(iv).
6	OC230302	Minister of Transport Meeting with Chair of Waka Kotahi NZ Transport Agency on 12 April 2023	Released with some information withheld under Sections 9(2)(a) and 9(2)(g)(i).
7	OC230304	Freight and Supply Chain Strategy - Options for Implementation	Refused under Section 18(d). When published, the briefing will be available here: <a href="https://www.transport.govt.nz/area-of-interest/freight-and-logistics/new-zealand-freight-and-supply-chain-strategy/">https://www.transport.govt.nz/area-of-interest/freight-and-logistics/new-zealand-freight-and-supply-chain-strategy/</a>
8	OC230312	2023 Legislation Programme - Reassessment of Bids	Withheld in full under Section 9(2)(f)(iv).
9	OC230181	Rapid Transit Framework - Engagement and Next Steps	Withheld in full under Section 9(2)(f)(iv).
10	OC230162	Developing a National Approach to Funding and Financing Major Rapid Transit Projects	Withheld in full under Section 9(2)(f)(iv).
11	OC230287	Advice on Governance of Let's Get Wellington Moving	Withheld in full under Section 9(2)(f)(iv).
12	OC230319	Estimates 2023/24 and Supplementary Estimates 2022/23 for Vote Transport	Refused under Section 18(d). When published, the briefing will be available here: <a href="https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm">https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm</a>
13	OC230308	Waka Kotahi NZ Transport Agency Board - Member Shortlist	Withheld in full under Section 9(2)(f)(iv).
14	OC230218	Severe Weather Emergency Recovery Legislation Act 2023: Update on Proposed Order in Council for Land Transport Act 1998	Released with some information withheld under Section 9(2)(a).

Doc #	Reference	Document	Decision on release
15	OC230343	Updated Cabinet Paper: Implementing the Euro 6/VI Emissions Standard	Refused under Section 18(d). This briefing will be published as part of the Euro 6 package and will be available here: <a href="https://www.transport.govt.nz/area-of-interest/environment-and-climate-change/harmful-vehicle-emissions/">https://www.transport.govt.nz/area-of-interest/environment-and-climate-change/harmful-vehicle-emissions/</a>
16	OC230348	Urbanism NZ 2023 Conference - 28 April 2023	Released with some information withheld under Section 9(2)(a).
17	OC230296	Budget Economic and Fiscal Update 2023 - Forecast of National Land Transport Fund Revenue	Released with some information withheld under Section 9(2)(a).
18	OC230124	Cabinet Paper - Land Transport (Road Safety) Amendment Bill: Approval for Introduction	Refused under Section 18(d). This briefing will be published as part of the wider proactive release on the Road Safety Bill. It will be available here: <a href="https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm">https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm</a>
19	OC230353	Maritime New Zealand Authority-Board Membership	Withheld in full under Section 9(2)(f)(iv).
20	OC230360	Auckland Light Rail Route and Stations - Aide Memoire for Sponsoring Ministers	Withheld in full under Section 9(2)(f)(iv).



Document 1

3 April 2023

OC230236

**Hon Michael Wood**

**Minister of Transport**

Wednesday, 12 April 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.

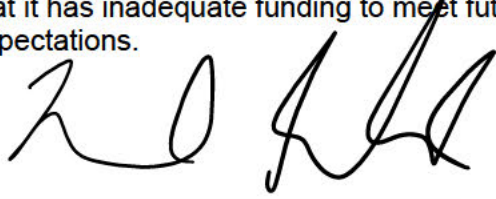
### **Key points**

- Waka Kotahi has made significant progress across a complex work programme during the 2022/23 year-to-date, despite a challenging operating environment.
- The Agency is facing increasing pressure however, including cost and time pressures across the portfolio of capital projects. Resourcing remains a critical risk given high demand for people, plant and materials at all stages of the infrastructure lifecycle combined with a tight labour market, and ongoing supply chain constraints.
- Recent storm events have exacerbated deterioration of the condition of the state highway asset and adversely impacted maintenance and renewals programmes across the country. Additional work and diversion of resources are required for unplanned activities because of these extreme weather events.
- Of the 13 key strategic risks identified by Waka Kotahi, four are currently categorised as extreme:
  - sustainable funding
  - health, safety and wellbeing
  - failure of critical infrastructure
  - cyber and information security.

**Recommendations**

We recommend you:

- 1 **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
- 2 **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.




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Sarah Polaschek  
**Manager Governance**

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Hon Michael Wood  
**Minister of Transport**

03 / 04 / 2023

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- Minister’s office to complete:**
- Approved
  - Declined
  - Seen by Minister
  - Not seen by Minister
  - Overtaken by events

**Comments**

**Contacts**

Name	Telephone	First contact
Sarah Polaschek, Manager - Governance	s 9(2)(a)	✓
Chris Jones, Principal Advisor - Governance		
Emma Petrenas, Advisor - Governance		

OFFICIAL INFORMATION ACT 1982



## 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 two 2022/23 performance report; and takes account of more recent developments, most notably in relation to the severe storm damage during the March quarter.

### 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 outlines the completion of 15 significant activities in its 2022/23 SPE. As at the end of December 2022, Waka Kotahi assessed seven as off-track but likely to be achieved by year-end, and one as off-track and unlikely to recover. The activity most at risk relates to the identification of bilingual traffic signs for consultation.

*...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 and December 2022 (i.e. Q1 and Q2 2022/23). It indicates a significant increase in the proportion of 2022/23 SPE targets that are unlikely to be achieved by year-end.

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

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

- 6 A significant number of (strategic and output class) road safety-related measures are off-track and unlikely to be achieved by year-end.
- 7 At 2,807, the number of deaths and serious injuries (DSIs) recorded on NZ roads increased 10% in the 12-month period ending December 2022, compared with the 12-month period ending September 2022. While DSIs are lower than the 2018 baseline, 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).
- 8 Other safety-related measures that are off-track and unlikely to achieve year-end targets include:
- 8.1 Significant incident frequency rate (actual rate of 10.67 in Q2 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 (865 recorded in the 12 months ending December 2022, compared with a target of below 767 by year-end)
  - 8.3 Length of network treated with reduced speed limits (179 kilometres in the 12 months ending December 2022, compared with a target of at least 500 kilometres by year-end)
  - 8.4 Number of hours that mobile cameras are deployed<sup>1</sup> (28,445 hours in the 12 months ending December 2022, 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.
- 10 Of the six NLTP capital projects off track at the end of December 2022, four are assessed as likely to recover by year-end, while two are assessed as unlikely to recover. <sup>s 9(2)(g)(i)</sup> [REDACTED]
- 11 Of the four NZUP projects off-track at the end of December 2022, three are assessed as likely to recover by year-end, while one is assessed as unlikely to recover. The <sup>s 9(2)(i)</sup> [REDACTED] is most at risk of *not* meeting SPE objectives. The primary risks associated with this work programme concern the potential for further cost escalation and delays <sup>s 9(2)(i)</sup> [REDACTED]
- 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 advice on cost and milestone risks across the programme, and how these risks can be mitigated.
- 13 The adverse weather events that occurred during the March 2023 quarter will add further pressure to Waka Kotahi's performance over the remainder of the 2022/23 financial year (and beyond).

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<sup>1</sup> Delivered by NZ Police.



*Waka Kotahi is also experiencing significant cost pressures...*

- 14 National Land Transport Fund (NLTF) revenue was \$298.9 million (12%) below budget in the six months to December 2022. This was primarily due to significantly lower-than-expected revenue from Fuel Excise Duty (FED) and Road User Charges (RUC), partly offset by an increase in Crown revenue to compensate Waka Kotahi for temporary FED and RUC reductions. Whilst revenue can be lumpy, and revenue has improved during the first two months of 2023, the decline in NLTF revenue is concerning.
- 15 The short-term impact of lower-than-expected NLTF revenue was partly offset by a \$156 million (6%) decline in expenditure during the six months to December 2022. This was mainly due to lower spending on state highway improvements and rail.
- 16 The NLTF 'deficit' (i.e., the gap between revenue and expenditure) has been financed via Waka Kotahi's borrowing facilities. Waka Kotahi drew down \$200 million of the NLTP 2021-24 loan facility in the second quarter to allow delivery during December 2022 and January 2023 – the total amount drawn down from this facility is now \$400 million. In addition, \$150 million of the short-term revolving (shock) facility was drawn down to fund the August 2021 COVID event.
- 17 As at 31 December 2022, Waka Kotahi had total financial liabilities of \$3,410 million, comprising: loans, Public Private Partnership (PPP) commitments and derivative financial liabilities. While total financial liabilities increased \$317 million (10%) in the six months to December 2022, they remain comfortably within the Agency's debt management ratios, and comparable to total financial liabilities over the past few years – refer to Figure 2 below.

Figure 2: Waka Kotahi loans and financial liabilities (\$ million)

	Dec 2022	June 2022	June 2021	June 2020
Loans	1,465	1,063	883	844
PPP commitments	1,932	1,899	1,842	1,677
Derivative financial liabilities	13	131	478	728
<b>Total</b>	<b>3,410</b>	<b>3,093</b>	<b>3,203</b>	<b>3,249</b>

*...and faces significant risks to future performance.*

- 18 Waka Kotahi has identified thirteen key strategic risks – four of which are currently identified as 'extreme':
  - 18.1 sustainable funding
  - 18.2 health, safety and wellbeing
  - 18.3 failure of critical infrastructure
  - 18.4 cyber and information security.

- 19 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. Waka Kotahi is also responding by improving its cost estimation and project management processes; and strengthening its governance and oversight practices.
- 20 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.
- 21 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. The extreme weather events that impacted the North Island earlier this year has placed greater emphasis on improving resilience of the roading network. Greater care will be required as to where and how roads are built in future as a result.
- 22 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.
- 23 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 – most notably, a more detailed understanding of the damage to New Zealand’s roading network arising from the recent storm damage.

**Next steps**

- 24 Please review this briefing and the Agency’s quarter two 2022/23 performance report and provide any feedback you may have.
- 25 This briefing provides useful context for your upcoming meeting with the Chair of Waka Kotahi, scheduled for 9.30am on 12 April 2023, which we will provide a separate briefing for.
- 26 It also provides useful context for the Agency’s draft 2023/24 SPE, which you can expect to receive by 30 April 2023. You will have 15 working days (from the date of receipt) to provide feedback on the draft SPE, which the Agency must consider before it is finalised by 30 June 2023. Te Manatū Waka will assist you with this process.



Document 2

4 April 2023

OC230217

Hon Kiri Allan

Action required by:

Associate Minister of Transport

Friday, 28 April 2023

cc Hon Michael Wood

Minister of Transport

## BRIEFING SEEKING AGREEMENT TO REVISE CHARGES FOR TAUPŌ AIRPORT

### Purpose

To seek your decision on whether to revise Taupō Airport's landing charges from 1 April 2023.

### Key points

- The Taupō Airport is a Joint Venture between the Taupō District Council (the Council) and the Crown. Under the Deed that governs this relationship, both parties must fund 50 percent of the Airport's approved capital expenditure and its operating losses.
- The Council wishes to increase the Regular Passenger Transport charges from 1 April 2023 for Taupō Airport (the Airport). Under the Civil Aviation Charges Regulations (No 2) 1991, the Minister of Transport's approval is required for these changes to be made.
- This increase will recover the substantial increase in operating costs associated with the Airport's new terminal building and the demolition of its old terminal building. These increases were factored into the original business case and planning of the terminal building's development, but have been delayed due to the ongoing cost pressures of the COVID-19 pandemic.
- Without the increased landing fees the Airport will operate at a substantial loss and place the Airport and Council under financial pressure.
- The relevant affected users, Air New Zealand, and Sounds Air, have been consulted and agree with the proposal, noting the increased changes are reasonable. Due to the consultation process, Air New Zealand and Sounds Air have already priced the proposed changes into their ticket prices for April 2023. As such, any decision to approve the new charges is unlikely to have any immediate effect on ticket prices.
- The Ministry has analysed the request from the Airport and considers the increases in charges are reasonable given the Airport's increased costs. The Ministry also considers the increase represents a fairer position for taxpayers and ratepayers, as

this will shift the funding of losses from taxpayers and Taupō ratepayers towards airport users.

- The Minister can decline the proposed increase in landing fees, or elect to defer the increase to a later date. If either of those options are preferred, consideration must be made for additional Crown funding to meet the higher operating losses. The Crown's share is expected to be around \$440,000 per year, which would require Cabinet approval.
- The Council has already set its rates for the 2023/24 year. It has not made provision for the Airport's increased losses should the increased charges be deferred. The Airport has indicated that if the proposed fee increases are not agreed, the Council may request the Crown pay for all of the operating losses. However, such support would need to be made outside of the Joint Venture Deed arrangements and could also set a precedent for other Joint Venture airports to request similar additional funding.
- If agreed, the increased charges will start to be invoiced to the airlines in May 2023 given they are based on actual passenger volumes, which is not known until the following month. Therefore any decision on this can be taken in April 2023.
- The Airport is also renegotiating its charges for General Aviation users. Consultation will run until the end of May 2023, followed by implementation in July. A separate briefing paper on this will be provided later in 2023.

## Recommendations

We recommend you:

- |   |   |          |
|---|---|----------|
| 1 | <b>agree</b> to the increased Regular Passenger Transport charges as set out in this briefing that will apply from 1 April 2023. (recommended).   | Yes / No |
| 2 | if recommend 1 is agreed, <b>review and sign</b> the draft letter in <b>Appendix One</b> notifying the Taupō District Council of your approval of the increased and additional Airport charges for Taupō Airport.   | Yes / No |
| 3 | if recommendation 1 is not agreed, <b>direct</b> the Ministry to prepare a draft Cabinet paper seeking further funding of \$440,000 for the new Joint Venture Airports Multi Year Appropriation beginning 1 July 2023 once Budget Moratorium has finished on 18 May 2023. | Yes / NA |




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Brent Johnston  
**Acting Deputy Chief Executive, System  
 Performance and Governance**

04 / 04 / 2023

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Hon Kiri Allan  
**for the 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
Brent Johnston, Acting Deputy Chief Executive, System Performance and Governance	s 9(2)(a)	✓
James O'Donnell, Acting Manager, Programme Assurance and Commercial		

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982



## BRIEFING SEEKING AGREEMENT TO REVISE CHARGES FOR TAUPŌ AIRPORT

### Background

*A request has been received from the Taupō District Council seeking an agreement to revise Airport Charges for Taupō Airport.*

- 1 The Taupō District Council (the Council), who is the airport authority for the Taupō Airport (the Airport), is seeking your agreement to revise the Regular Passenger Transport (RPT) charges.
- 2 The Airport's charges were last fully reviewed and reset in 2014. It is industry practise for an airport to review its landing charges every 3 – 5 years. For various reasons, including COVID-19, the airport has deferred its last two reviews in 2017 and 2020.
- 3 The national average landing charge for a Q300 plane (the main type of aircraft commercially operated at Taupō Airport) is s 9(2)(b)(iii) per passenger movement. Taupō Airports current charge for a Q300 plane is s 9(2)(b)(iii) per passenger movement, making it one of the lowest charges in New Zealand. The airport proposes to lift these charges up to approximately the industry average in order to meet rising costs and to pay for its new terminal.
- 4 In September 2022, the Council advised its Airport customers (Air New Zealand and Sounds Air) that it intended to commence consultation on proposed changes to airport charges.

### *Legal background for Joint Venture Airports and price setting*

- 5 The Airport is operated as a joint venture between the Crown and the Council under a deed dated 13 August 1973. Under this deed, the management, administration, and control of matters relating to the Airport is generally the responsibility of the Council. The joint venture deed also provides that the Crown and the Council bear any operating losses in relation to the joint venture in equal shares. The Crown funds these losses from a Multi-Year Appropriation (MYA).
- 6 Under the delegation dated 23 February 2023 given to you by the Minister of Transport, you may exercise the Minister's powers to fix airport charges under regulations 13(1) and 18(3) of the Civil Aviation Charges Regulations (No 2) 1991 .
- 7 The Regulations do not explicitly specify the matters you must consider in fixing charges. However, Ministry officials consider the following should be considered:
  - 7.1 the impact on airport users;
  - 7.2 the reasonableness of new or revised charges compared to those levied by other comparable airports; and
  - 7.3 section 4(3) of the Airport Authorities Act 1966, which requires every airport operated or managed by an airport authority to be operated or managed as a "commercial undertaking".

*The COVID-19 pandemic and the construction of a new Terminal have increased financial pressures on the Airport*

- 8 The COVID-19 pandemic caused a significant reduction in airport passenger numbers which reduced this key revenue stream.
- 9 In 2019 the Airport began planning and construction of a new airport terminal. The project included the new terminal building itself, associated airside and landside infrastructure and a new car park. Maintaining and operating these new facilities is a significant cost for the Airport.
- 10 These two factors have resulted in the Airport facing significant financial pressure. To support the management of this financial pressure, the Airport engaged AirBiz Aviation Strategies Limited (AirBiz) to develop a financial model to calculate regular passenger transport charges, engage with Air New Zealand and Sounds Air, and draft the pricing proposal.
- 11 Following the consultation process, in February 2023 both Air New Zealand and Sounds Air responded in writing to the Airport that they were supportive of the pricing proposal. If the proposed charges are agreed, the Airport will issue a Final Pricing Determination and the new charges will be in place from 1 April 2023.
- 12 The increased charges will only start to be invoiced to the airlines in May 2023 given they are based on passenger volumes and these are not known until after the previous month has been completed. Therefore any decision on approving these charges can take place during April 2023.

### **The proposed revised charges**

*The Airport wants to move to a user pays system*

- 13 The revised charges will move the Airport's revenue towards a "user pays" model. The increases landing charges will shift the burden of operating losses away from ratepayers and taxpayers, and towards airlines and airline customers as an increase in landing charges is likely to be reflected in ticket prices.
- 14 Currently, the Council's 50 percent share of the Airport's losses is recouped from its rate payers. This may place an unfair burden on a significant proportion of ratepayers who make little to no use of the Airport (though this may be offset by the economic benefit gained through the operation of the Airport). Similarly, the Crown's 50 percent share of the Airport's losses is paid by taxpayers who may never use the Airport.
- 15 If the Airport makes an operating profit, the joint venture deed states that these profits are to be reinvested into the Airport and are not returned to ratepayers or taxpayers.

*Methodology for calculating charge increase*

- 16 The total RPT cost to both Air New Zealand and Sounds Air per passenger movement is set to increase from § 9(2)(b)(ii) from 1 July 2023 and then § 9(2)(b)(ii) by 1 July 2023m, before settling to around § 9(2)(b)(ii) thereafter. The overall increase in changes is shown in Table One.

*Table One: Proposed changes to Taupō Airport's Regular Passenger Transport Charges \$ per passenger movement (Excluding GST)*

s 9(2)(b)(ii)

- 17 AirBiz compared these charges against a range of New Zealand airport charges for a Q300 aircraft. On a comparable basis, Taupō Airport's charges of s 9(2)(b)(ii) as of 1 July 2023 is below the average New Zealand airport charge of s 9(2)(b)(ii) per passenger.
- 18 The Airport is also negotiating a change in charges for General Aviation users and is currently collating and responding to feedback from these users. Consultation is expected to run until the end of May 2023 with the Council aiming to make adjustments in June for a 1 July implementation. A separate briefing paper on this matter will be provided later in 2023.

*The changes have a significant financial impact on Airport revenue and their ability to meet operating costs*

- 19 With the proposed increase in landing charges, the Airport is still forecasting an operating loss of approximately s 9(2)(b)(ii) for Financial Year (FY) 2024. However, for FY25 and FY26, revenue is expected to increase sufficiently such that its operating losses are forecasted to decrease to s 9(2)(b)(ii) in FY25 and to s 9(2)(b)(ii) for FY26.
- 20 However, should the Airport's landing charges remain the same, its operating losses are forecast to increase significantly. The FY24 the operating losses are forecasted to be s 9(2)(b)(ii) For FY25 and FY26, operating losses are expected to increase further to s 9(2)(b)(ii) and s 9(2)(b)(ii) respectively.

*Airlines are likely to have already factored the proposed increase in landing charges into ticket pricing for April 2023 and beyond.*

- 21 Given that consultation between the Airport and the two airlines has taken place and the new landing charges have been agreed, Air New Zealand and Sounds Air have already factored in the proposed increase in charges into their ticket pricing. To defer the proposed landing charge increases would result in increased earnings for the two airlines and no reduction in costs for passengers in at least the short term.

*Other options for funding the losses are not viable*

- 22 To offset the increased costs of the new Terminal Building, the Airport could increase its other sources of revenue. The Airport's main sources of revenue are leases of hangars and retail space in its terminal. These revenue streams are governed by contracts that can only be amended via periodic review. Landing charges are the only revenue stream the Airport can realistically review to adapt to cost increases.
- 23 The Ministry has also consulted with the Council on the possibility of deferring the increased charges by 12 months. The Council has advised they would be unable to fund their share of operating losses in the current financial year as this has not been accounted for in their annual plan. A rates rise would be required to recoup these costs. However, the Council would not be able to do this until April 2024.

- 24 In addition, if the proposed changes are not approved, we understand that the Council may request the Crown fund all of the operating losses rather than the usual 50 percent. However, the joint venture deed provides no other mechanism for funding operating costs other than splitting costs evenly between both parties. Funding the full amount is likely to be breaching the terms of the deed. Furthermore, funding all operating losses at one Joint Venture Airport creates a precedent for funding losses at other Joint Venture Airports and risks other Joint Venture Airports requesting the Crown fund all operating costs.

### **The Ministry recommends you agree to the increase in charges**

*The proposed increase in landing fees are considered reasonable and practical to meet operating losses at the Airport*

- 25 On the basis of the evidence provided to the Ministry, officials recommend that the proposed increase in landing fees is approved. The proposed increases appear reasonable and justified against the Airport's forecasted costs, are independently verified, and considered appropriate by the commercial airlines who use the Airport. The requested changes also appear reasonable when compared to other airports.
- 26 Additionally, Section 4(3) of the Airport Authorities Act 1966 requires every airport operated or managed by an airport authority to be operated as a "commercial undertaking". Charges should be sufficient to provide safe and secure operations and to cover the maintenance costs of providing services for regional flights. The proposed increases are in line with the Airport's requirements to operate as a commercial undertaking.
- 27 Both Air New Zealand and Sounds Air have already factored the proposed increase in landing charges into their ticket prices. If charges are not increased, there is a risk that airlines could maintain the increased pricing indefinitely, anticipating an increase from the Airport at any point.

*If the proposed increase is not agreed, further work will be required to ensure sufficient funding is available to meet the Crown's share of expected losses*

- 28 Crown contributions towards the Joint Venture Airports come from a MYA that is set to end on 30 June 2023. This MYA services all five joint venture airports (the other airports being Whangārei, Whakatāne, Whanganui and Westport).
- 29 A budget bid has been submitted to renew the appropriation from 1 July 2023, however, a large increase in operating costs at Taupō has not been accounted for. If the increased charges are declined, this will create a large cost pressure on the appropriation that funds the Joint Venture Airports and result in less funding being available for the other airports.
- 30 Crown Law has advised the Ministry that according to the Joint Venture Deed, the Ministry has no capacity to decline funding the operating losses of any of the five airports should they be incurred.
- 31 To remedy this will require an out-of-cycle decision to ensure sufficient FY23/24 funding and a subsequent budget bid for Budget 24.

*Next Steps*

- 32 If you approve the increase in landing charges, a draft letter is attached in **Appendix One** for you to review and sign.
- 33 If you would like to defer the increase in landing charges beyond 1 April 2023, this will require seeking further funding of \$440,000 for the new Joint Venture Airports Multi Year Appropriation beginning 1 July 2023 once Budget Moratorium has finished on 18 May 2023.
- 34 The Ministry is on hand to assist should you choose to defer the increase. However, we note that the timeframe for preparing and advancing this budget bid is limited.

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# Hon Kiri Allan

MP for East Coast  
Minister of Justice  
Minister for Regional Development  
Associate Minister of Transport



Wayne Wootton  
General Manager  
Taupō Airport  
[wwootton@taupo.govt.nz](mailto:wwootton@taupo.govt.nz)

Dear Wayne

I consider that the proposed changes to Taupō Airport's Regular Passenger Charges are reasonable and that appropriate consultation for the proposed changes to the charges has taken place as per section 4B of the Airport Authorities Act 1966.

In accordance with regulation 13 of the Civil Aviation Charges regulations 1991 (No 2), I approve the proposed changes to Taupō Airport's charges.

Yours sincerely,

Hon Kiri Allan  
Associate Minister of Transport

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4 April 2023

OC230198

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
Friday, 14 April 2023

cc Hon Grant Robertson  
Minister of Finance

Hon Megan Woods  
Minister of Housing

Hon Kiri Allan  
Associate Minister of Transport

## **AUCKLAND LIGHT RAIL LIMITED DRAFT LETTER OF EXPECTATIONS FOR 2023/24**

### **Purpose**

This paper seeks your approval to sign the draft 2023/24 letter of expectations (LOE) for Auckland Light Rail Limited (ALRL).

### **Key points**

- The draft LOE sets new expectations reflecting that ALRL has moved from the establishment phase to the detailed planning phase of the Auckland Light Rail Project.
- The key focus of the LOE is to ensure that shareholding Ministers are able to measure ALRL's progress towards the delivery of the detailed business case and early capital works where appropriate and will be able to make decisions with a high degree in confidence based on the ALRL's work and advice.
- To support this, the LOE sets expectations on ensuring that ALRL sets key outputs and deliverables that are relevant, specific, measurable and timebound, so that the 2023/24 Statement of Performance Expectations (SPE) can be used to measure the progress of key deliverables.
- The LOE also notes working with stakeholders, particularly mana whenua, and Sponsors is essential to ensure the success of the Project.
- The Treasury was consulted on the draft LOE.
- We recommend that you review the draft LOE attached to this briefing and either sign or provide feedback in person or in writing.

**Recommendations**

We recommend you:

- 1 **Agree** to consult with the Minister of Finance and the Minister of Housing before signing the draft letter of expectations for Auckland Light Rail Limited (as you are signing it on behalf of shareholding Ministers) Yes / No
  - 2 **Agree** to sign the attached draft letter of expectation for Auckland Light Rail Limited Yes / No
- OR
- 3 **Provide** feedback to Te Manatū Waka Yes / No



\_\_\_\_\_  
 Brent Johnston  
 Acting Deputy Chief Executive  
 System Performance & Governance

\_\_\_\_\_  
 Hon Michael Wood  
 Minister of Transport

04/ 04 / 2023

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

**Comments**

**Contacts**

Name	Telephone	First contact
Brent Johnston, Acting Deputy Chief Executive – System Performance & Governance	s 9(2)(a)	
Sarah Polaschek, Manager, Governance		✓
Alan Collins, Senior Adviser, Governance		

## AUCKLAND LIGHT RAIL LIMITED DRAFT LETTER OF EXPECTATIONS FOR 2023/24

The Ministry has prepared a draft 2023/24 Letter of Expectations for your consideration

- 1 The draft LOE builds upon the previous LOE, as that set out your key expectations concerning the Company's purpose, functions and responsibilities. In addition, the Project Planning and Funding Agreement (PPFA) provides a clear set of expectations around what the Company is to deliver.
- 2 The LOE notes that as major infrastructure projects can experience cost escalations and delays, it is essential that the Crown is ultimately able to make decisions with a high degree of confidence based on ALRL's advice and the business case. To support this outcome, the LOE sets out for the Board that it should consider four themes to ensure the Project is integrated across major projects, builds confidence in delivery and costs, and ensures progress is transparent

3 These themes are:

### **3.1 Continue to integrate planning across major infrastructure projects in Auckland**

The LOE encourages ALRL to continue to work closely with Waka Kotahi on related projects, such as Auckland Waitematā Harbour Connections, and north-west rapid transit projects, to achieve the best outcomes.

### **3.2 Build confidence in the delivery of the Project**

To build confidence in the delivery of the Project, the LOE states that the 2023/24 SPE should have detailed outputs, with an expectation that the SPE will include concise description of what ALRL intends to achieve by when, and a description of how performance will be assessed.

s 9(2)(g)(i)

### **3.3 Maintain good relationships with key stakeholders**

The LOE sets an expectation for transparency and effective working relationships with key agencies and stakeholders, both central and local government, along with impacted groups and communities.

In particular, working effectively and engaging with mana whenua is a priority as this is a focus area for Sponsors.

### **3.4 Be a good employer**

As section 118 of the Crown Entities Act 2004 outlines a statutory requirement for all Crown entities to be good employers, there is the expectation all transport Crown entities develop effective relationships with workers and unions that contribute to a fair, safe and productive work environment.

- 4 As there will be a General Election in October 2023, the LOE also reminds the Board of the significance of the “no surprises convention” and where to find the Public Service Commission’s guidelines for public service entities.

**Next steps**

- 5 Please review the attached draft LOE and provide any feedback by 14 April 2023.
- 6 The LOE will inform the development of ALRL’s draft 2023/24 SPE. ALRL needs to provide this draft SPE to you by 30 April 2023 for feedback. Te Manatū Waka will assist you to provide feedback on the draft SPE, which ALRL must consider before finalising the SPE by 30 June 2023.

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## Appendix 1: Draft letter of expectation for Auckland Light Rail Limited

Dame Fran Wilde  
Chair  
Auckland Light Rail Limited  
[Fran@franwilde.com](mailto:Fran@franwilde.com)

Dear Dame Fran

### LETTER OF EXPECTATIONS 2023/24

I am writing on behalf of shareholding Ministers to outline our expectations of Auckland Light Rail Limited (ALRL) for the 2023/24 financial year. This letter is to inform ALRL's planning process and its 2023/24 Statement of Performance Expectations (SPE). It should be read in conjunction with the Project Planning and Funding Agreement and expectations previously communicated, or agreed to, including the following specific topics:

- approval to enter into the Project Planning and Alliance
- Investment Management System
- Confirming the change in company purpose and the related expectations of activities.

I would like to take this opportunity to thank the Board and staff for successfully establishing ALRL as a Crown entity company and commencing detailed planning of the Auckland Light Rail Project (the Project).

Looking towards 2023/24, I would like the Board's primary focus to be on advancing the Project through the completion of the current detailed planning phase. This includes delivering a detailed business case to enable the Crown to make a final investment decision by the second calendar quarter of 2024, as set out in the Auckland Light Rail Project Planning and Funding Agreement.

I am conscious major infrastructure projects can experience cost escalations and delays. Therefore, it is essential that the Crown is ultimately able to make decisions with a high degree of confidence based on ALRL's advice and the business case. Taking this into account, I would like the Board to consider the four themes in this letter to ensure the Project is integrated across major projects, builds confidence in delivery and costs, and ensures progress is transparent.

## 1. Continue to integrate planning across major infrastructure projects in Auckland

I am grateful for the work you are undertaking to support the integration of planning across the Auckland Light Rail Project, Auckland Waitematā Harbour Connections, and north-west rapid transit projects. Please continue to work closely with Waka Kotahi on these related projects to achieve the best outcomes. The Ministry of Transport will continue to provide you with guidance about coordinating these projects, particularly the Auckland Waitematā Harbour Connections, as decisions are made on delivery of these projects.

## 2. Build confidence in the delivery of the Project

To build confidence in the delivery of the Project, shareholding Ministers would like greater transparency and be able to measure ALRL's progress against its key outputs. To this end, I would like to see more detailed outputs in the 2023/24 SPE, now that ALRL has been established and will begin to deliver on key aspects of the Project.

I expect the 2023/24 SPE to include a concise description of what you intend to achieve by when, and a description of how performance will be assessed. While Crown entity companies have flexibility as to which assessment frameworks they choose, and the specific measures they include in their SPEs, these should be relevant, specific, measurable and timebound. I would like to see a more detailed set of key performance indicators (KPIs) including specific deliverables and associated delivery dates in the SPE. ALRL should report on progress and actual completion dates against these KPIs and milestones in quarterly reports and/or its 2023/24 Annual Report as appropriate.

## 3. Maintain good relationships with key stakeholders

I reiterate an expectation for transparency and effective working relationships with key agencies and stakeholders such as the Ministry of Transport, the Treasury, the Ministry of Housing and Urban Development, mana whenua, Auckland Council, Auckland Transport, Waka Kotahi and Kāinga Ora. Officials from the Ministry of Transport will liaise with ALRL about working with Auckland Council and Eke Pānuku to support the delivery of urban development outcomes through the Project.

For example, working effectively with mana whenua by being responsive to their input and preferences is a focus area for Sponsors and a key part of the governance system for ALR. Effectively measuring the impact and outcomes of engagement with mana whenua is especially important given s 9(2)(f)

Your output for mana whenua engagement should detail how ALRL will undertake engagement, by when and how this engagement will be measured.

I commend ALRL for undertaking early engagement with Waka Kotahi Rail Regulator and WorkSafe New Zealand on the design of the project. Designing in safety from the outset will be critical to the success of the Project.

Given the speed of the Project, greater involvement and information sharing with central agencies is needed to help ensure that the business case meets Sponsors' expectations. It is also essential to ensure Sponsors and their agencies have the necessary information and material available in a timely manner for them to make decisions with confidence.

#### 4. Be a good employer

Section 118 of the Crown Entities Act 2004 outlines a statutory requirement for all Crown entities to be good employers. In addition to these statutory provisions, I expect all transport Crown entities to develop effective relationships with workers and unions that contribute to a fair, safe and productive work environment.

Finally, I note that there are new ALRL Board members. Officials will work with the Board to help bring these new members up to speed with their roles and responsibilities.

#### Next steps

I expect the Board to adhere to the “no surprises” convention, whereby Sponsors are informed promptly about significant matters (including any risks that may impact key deliverables), particularly where these may be subject to public debate. Early engagement with Sponsors should leave sufficient time to consider and incorporate Sponsor Guidance as required by the Project Planning and Funding Agreement. In addition, deliverables, Sponsor decision matters and public announcements need careful discussion with Ministry officials before being finalised.

With the General Election to be held on 14 October 2023, the “no surprises convention” takes on extra significance. For the avoidance of doubt, this means that you should inform me promptly about matters of significance to the transport and urban development portfolios, particularly where these matters may become controversial or subject to public debate. The Public Service Commission has published guidelines about the Election for public service entities that can be found [here](#).<sup>1</sup>

Please contact Alan Collins at the Ministry of Transport (email: [a.collins@transport.govt.nz](mailto:a.collins@transport.govt.nz)) if you have any monitoring-related questions about the SPE.

I look forward to receiving your draft 2023/24 SPE by 30 April 2023, and working with the Board over the upcoming year to progress the Auckland Light Rail Project and improve the wellbeing of New Zealanders

Yours sincerely

Hon Michael Wood  
**Minister of Transport**  
*on behalf of shareholding Ministers*

cc: Hon Grant Robertson, Minister of Finance  
Hon Megan Woods, Minister of Housing  
Hon Kiri Allan, Associate Minister of Transport  
Tommy Parker, Chief Executive, Auckland Light Rail Limited

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<sup>1</sup> <https://www.publicservice.govt.nz/guidance/general-election-guidance-2023>

5 April 2023

OC230257

Hon Michael Wood  
 Minister of Transport

## MEETING WITH CITY RAIL LINK LIMITED'S CHAIR AND CHIEF EXECUTIVE ON 12 APRIL 2023

### Snapshot

You are scheduled to meet with City Rail Link Limited's (CRL) Chair and Chief Executive on 12 April 2023. To support you in your meeting, we have provided suggested talking points in **Annex One**.

<b>Time and date</b>	2.30pm – 3.00pm, 12 April 2023
<b>Venue</b>	Zoom
<b>Attendees</b>	John Bridgman, Chair, CRL Dr Sean Sweeney, Chief Executive, CRL
<b>Officials attending</b>	Brent Johnston, Acting Deputy Chief Executive, System Performance and Governance Stephen Moore, Principal Advisor, Programme Assurance and Commercial
<b>Agenda</b>	<b>Item 1:</b> Update on the City Rail Link budget and schedule <b>Item 2:</b> Day One Readiness <b>Item 3:</b> Workforce update (including health and safety)
<b>Talking points</b>	Suggested talking points for the agenda items are provided in <b>Annex One</b>

### Contacts

Name	Telephone	First contact
Brent Johnston, Acting Deputy Chief Executive, System Performance and Governance	s 9(2)(a)	✓
Sarah Polaschek, Manager, Governance		
Alex Beedell, Senior Advisor, Governance		
Sarah Mackenzie, Adviser, Governance		

## Meeting with City Rail Link Limited's Chair and Chief Executive on 12 April 2023

### Key points

- This is your first meeting with John Bridgman since he became the Chair of CRL on 1 April 2023. A brief biography is attached below.
- Your last regularly scheduled meeting with the Chief Executive and the former CRL Chair Sir Brian Roche was on 9 February 2023. Topics discussed included:
  - **Update on the City Rail Link budget and schedule:** CRL advised that the impacts to budget and schedule of the Auckland Anniversary weekend flooding were being assessed and an insurance claim is progressing.
  - **Update on City Rail Link Limited's upcoming funding request:** CRL advised that this would be received in March 2023 and the increased funding has now been approved in the governance processes of the respective Sponsors.
  - **Workforce update (especially regarding health and safety):** CRL's immediate focus following the Auckland Anniversary flooding was the health and safety of people who work on the construction sites. s 9(2)(ba)(i)


### Item 1: Update on CRL budget and schedule

*CRL requested additional Sponsor funding in March, which has now been approved by Cabinet and the Auckland Council Governing Body*

- 1 Now the funding is confirmed, CRL can sign the negotiated Heads of Agreement (HoA) with the Link Alliance (the Alliance) s 9(2)(ba)(i), s 9(2)(b)(ii), s 9(2)(f)(iv)
- 2 s 9(2)(ba)(i)
- 3 The Project Delivery Agreement (PDA) between Sponsors and CRL will need to be amended to reflect the increased budget and changed practical completion date, and the Sponsors Agreement between Auckland Council and the Crown will also need to be amended.
- 4 The practical completion date in the PDA is later than the practical completion date in the PAA as it reflects the entire project not just the work undertaken by the Link Alliance.



s 9(2)(b)(ii), s 9(2)(ba)(i)




s 9(2)(ba)(i)



**Item 2: Day one readiness**

s 9(2)(ba)(i)



s 9(2)(ba)(i)

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## Biographies

### John Bridgman



John Bridgman has had significant experience in engineering and project management roles for over 35 years, across Australasia and Asia. He was, until the end of March 2023, the Chief Executive of Ōtākaro Limited, a Government entity delivering Crown-led anchor projects in Christchurch, which is being repurposed as a central Crown Infrastructure Delivery agency.

John has held a variety of senior leadership positions and governance roles including at global infrastructure building company AECOM (as Industry Director – Civil Infrastructure in Australia and as Managing Director for the New Zealand business), as well as governance and leadership roles on major infrastructure projects in New Zealand, Australia, Asia, and the United Kingdom. He is also a director of Waka Kotahi – NZ Transport Agency and Kainga Ora – Homes and Communities.

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**Annex 1: Talking Points**

Item	Proposed talking points
<p><b>Update on the City Rail Link budget and schedule</b></p>	<ul style="list-style-type: none"> <li>• You may like to take this opportunity to outline any expectations you have for CRLI over the upcoming 2023/2024 year, noting from the Letter of Expectations:                             <ul style="list-style-type: none"> <li>○ That CRLI will continue to mitigate risk to the project budget and schedule where possible,</li> <li>○ Strong community engagement and reducing the impact of construction disruption.</li> </ul> </li> </ul> <p>s 9(2)(g)(i)</p>
<p><b>Day one readiness</b></p>	<p>[Redacted content]</p>
<p><b>Workforce update (including health and safety)</b></p>	<p>[Redacted content]</p>

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# Transport Chapter ERP Dashboard

As at 31 March 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 Messages from this Period

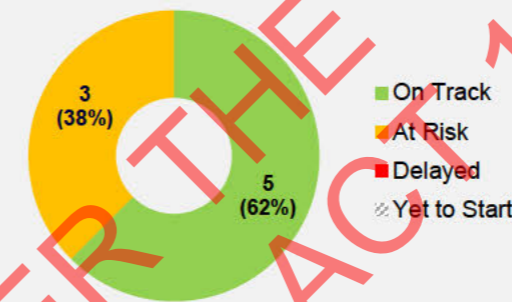
Key successes for March 2023 include:

- The EV Charging Strategy was published for public consultation on 22 March 2023.
- The Land Transport Management (Regulation of Public Transport) Amendment Bill was introduced on 16 March 2023, with the first reading on 29 March 2023.
- The national bus driver shortfall has reduced from about 860 in December 2022 to about 606 in March 2023.
- The Clean Car Standard sets an annual target for the average grams of CO<sub>2</sub> per km of all imported light vehicles. Vehicle importers are on average overachieving the legislated CO<sub>2</sub> target for 2023 and are 21 g/km under the target as at March 2023 (the 2023 targets are 145 g/km for passenger vehicles and 218.2 g/km for light commercial vehicles).

Update on monitoring and reporting of the priority areas: The Emissions Programme Office (EPO) has reviewed the application of the RAG status for tracking overall delivery progress through this dashboard. In the past, the overall delivery rating was an aggregate of the milestone RAG ratings. Effective March 2023, the application of the RAG status will now take a more holistic approach which will enable the EPO to take into account a wider set of factors that impact project performance.

## Priority Area and Milestones Overview

Delivery Schedule Status for the Priority Areas



Milestone status



## 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. We will provide you with more detail on this in the upcoming quarterly report.
- 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 expected to be provided in May 2023.

### Climate Change Commission advice to be released

- The Climate Change Commission will be releasing its draft advice which will inform the development of the ERP2 by the end of April 2023. Once the advice is released, there will be a cross-agency approach to responding to the advice which transport will be involved in.

## CERF Financial Update

Overall Financial Status ●

Year-to-date spend for March is **\$7.22m**, making up 4.74% of the \$152.37m appropriated funding. The decrease from the February YTD spend of **\$9.44m** is due to the discontinued priority area Vehicle Transition Programme (Social Leasing Scheme and Vehicle Scrap and Replace Scheme), which made up \$3.40m of spend in February.

Overall, YTD spend is much lower than forecast which reflects the challenges with starting new programmes and getting in place funding agreements and others structures needed for delivery and assurance. We expect the 2022/23 full year forecast to be significantly decreased when the financial forecasts are updated in May as these forecasts will reflect funding transferred to the next financial year through the IPET process. This process will ensure the money is available to use for the initiative next year and is not reallocated to other projects.

While we expect the 2022/23 forecast to decrease, we expect funding flows to increase in final quarter for the **Retaining and Recruiting Bus Drivers – Improving Terms and Conditions initiative**. Waka Kotahi has indicated funding will be drawn down in the last quarter, and the intent is that it will be paid to PTAs in arrears (backdated to when PTAs self-funded increases to driver wages last year) so a significant proportion will be spent.

### Mar-23 Spend (\$)

- The March spend for both **Mode-Shift and Reducing Light Vehicle Kilometres Travelled** and **Decarbonising the Public Transport Bus Fleet** are both establishment payments provided to Waka Kotahi.
- Community Connect**: Refund received from Waka Kotahi of overclaimed \$816k in Dec-2022.

## Upcoming Cabinet/Ministerial Decisions (For Priority Areas)

Minister and Cabinet Decisions relating to priority ERP initiatives	Week Ending
<b>Reflecting ERP commitments in the next GPS</b> • Cabinet agreement to release Draft GPS 2024 for public consultation	19 May 2023
<b>Freight Decarbonisation Work Programme</b> • s 9(2)(f)(iv)	19 May 2023
<b>EV Charging Infrastructure &amp; Budget Bid</b> • ENV and Cabinet agreement to final Strategy	30 June 2023

	Mar-23 Spend (\$)	Total Actual YTD Spend (\$)	Original CERF Approved Budget (\$)	BEFU 22/23 Forecast Spend (\$)	YTD Spend / BEFU 22/23 Forecast Spend (%)
Mode-Shift and Reducing Light Vehicle Kilometres Travelled	\$1.00 million	\$6.00 million	\$110.30 million	\$67.00 million	9%
Community Connect – Public Transport Concessions for Community Services Cardholders	-\$0.82 million	\$0.22 million	\$24.78 million	\$5.81 million	4%
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	\$1.00 million	\$1.00 million	\$4.29 million	\$4.29 million	23%
<b>Total</b>	<b>\$1.18 million</b>	<b>\$7.22 million</b>	<b>\$152.37 million</b>	<b>\$90.10 million</b>	<b>8%</b>

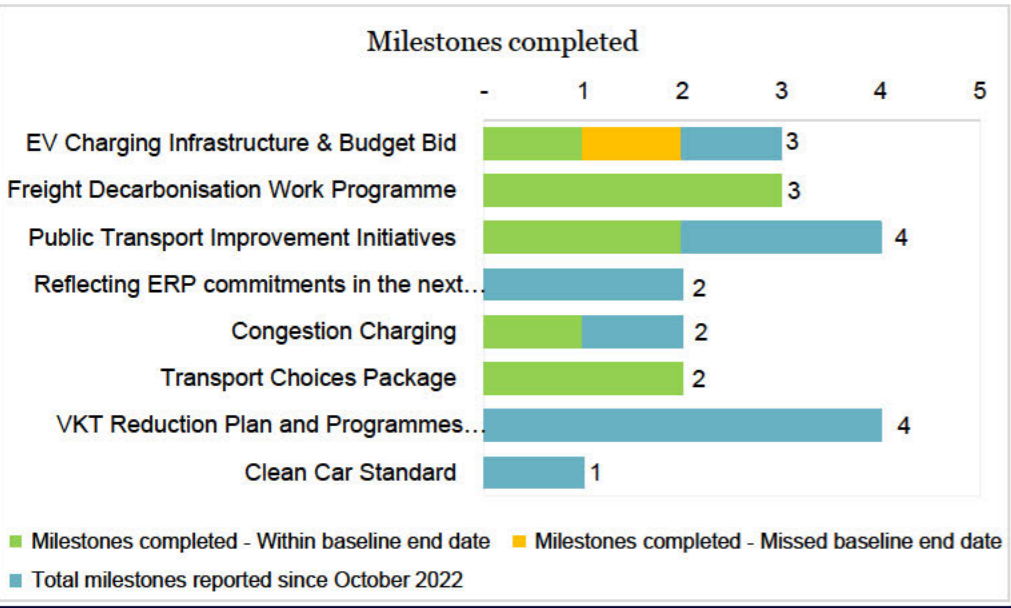


# Delivery Progress as at 31 March 2023

**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

The draft National EV Charging Strategy and discussion document were released for public consultation on 22 March 2023. The due date of the submission analysis is 11 May 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	Feb-23 Status	Mar-23 Status
1/05/2022	30/12/2022	29/03/2023	EV Charging Strategy published for public consultation	At Risk	On-track
1/05/2022	30/06/2023	31/08/2023	Final EV Charging Strategy approved by Cabinet	At Risk	At Risk

### Freight Decarbonisation Work Programme

Ministerial decision has confirmed that EECA will stand up and deliver an alternative grant scheme to provide discounts for zero emission trucks.

The milestone "Seek policy decisions on a Clean Truck Discount" that was introduced in February has now been removed as the Ministry will no longer seek policy decisions, given that it has been agreed EECA will implement an alternative grant scheme and this will be led by MBIE.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Feb-23 Status	Mar-23 Status
13/03/2023	11/07/2023	No change	REMOVED FROM MAR-23: Seek policy decisions on a Clean Truck Discount	On-track	N/A
TBD	TBD	-	NEW MILESTONE IN DEVELOPMENT	N/A	N/A

### Public Transport Improvement Initiatives

The Land Transport Management (Regulation of Public Transport) Amendment Bill was introduced on 16 March 2023, with the first reading on 29 March 2023.

Agreements have been signed in Otago and Canterbury to move driver wages to \$30 per hour (timing yet to be confirmed). Significant progress is being made with negotiations by Auckland Transport. Overseas recruitment has ceased since the median wage threshold for access to Accredited Employer Work Visas (AEWV) increased in February 2023. This cannot recommence without an immigration sector agreement or further increases in wage rates. Waka Kotahi is continuing to work with MBIE on the sector agreement.

For Community Connect, an Establishment Letter has been signed by the Ministry and Waka Kotahi to release funding to PTAs who have incurred implementation costs.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Feb-23 Status	Mar-23 Status
1/05/2022	31/03/2023	No change	Bill to incorporate the Sustainable Public Transport Framework into the LTMA is introduced	On-track	On-track
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	At Risk

### Reflecting ERP commitments in the next GPS

The revised Draft GPS (which includes the high threshold test) has been updated to reflect the impact and consequences of Cyclone Gabrielle and other weather events. It has been provided to Ministers for review, with departmental consultation expected to occur early-mid April 2023.

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	Feb-23 Status	Mar-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

### s 9(2)(f)(iv)

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

### Transport Choices Package

The Transport Choices is progressing well, with several councils demonstrating confidence in delivery and projects progressing to implementation. Funding Agreements have been finalised for all councils except Taranaki and Northland. Waka Kotahi are continuing to work with the remaining councils to finalise these. While the milestone is 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	Feb-23 Status	Mar-23 Status
1/05/2022	31/03/2023	No change	Provide update to joint Ministers on investment package	On-track	On-track

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

Waka Kotahi are working closely with Tier 1 councils to allocate the funding to support the development of urban programmes through an expression of interest (EOI) process. Applications are expected to be approved in May 2023.

The milestone "Proposed sub-national targets for Tier 1 and 2 major urban areas published in the DTAP" will be removed from March-23. This was not published in the DTAP, and targets will now be published in the Strategy document.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Feb-23 Status	Mar-23 Status
1/05/2022	31/12/2022	N/A	MISSED MILESTONE: Proposed sub-national targets for Tier 1 and 2 major urban areas published in the DTAP	At Risk	N/A
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

Between 1 Jan and 31 Mar 2023, importers created 2,360 CO<sub>2</sub> Accounts and over 70,000 light vehicles have been entered into the CCS system. There are significantly more CO<sub>2</sub> gm/km credits than charges. The three technology releases were successful and the system is functioning well.

The milestone changed to green as it is on track for the major deliverables on 1 June 2023, which include importers paying charges and transferring CO<sub>2</sub> gm/km credits between accounts. The milestone "Implementation of the full policy by Waka Kotahi" has now been removed, as it duplicated the other milestone being monitored.

Actual Start Date	Baseline End Date	Forecast End Date	Milestone	Feb-23 Status	Mar-23 Status
1/05/2022	30/06/2023	No change	REMOVED FROM MARCH-23 Implementation of the full policy by Waka Kotahi	On-track	N/A
1/05/2022	30/06/2023	1/06/2023	Implementation of the legislated targets	On-track	On-track



6 April 2023

OC230302

Hon Michael Wood  
 Minister of Transport

## MINISTER OF TRANSPORT MEETING WITH CHAIR OF WAKA KOTAHI NZ TRANSPORT AGENCY ON 12 APRIL 2023

### Snapshot

You are meeting with the Chair and Chief Executive of Waka Kotahi NZ Transport Agency ('Waka Kotahi' or 'the Agency') on Wednesday, 12 April at 9:30am. This briefing contains advice and talking points to support your engagement.

<b>Time and date</b>	9.30am-10.00am, 12 April 2023
<b>Venue</b>	Zoom
<b>Attendees</b>	Dr Paul Reynolds, Chair, Waka Kotahi NZ Transport Agency Nicole Rosie, Chief Executive, Waka Kotahi NZ Transport Agency
<b>Officials attending</b>	Brent Johnston, Acting Deputy Chief Executive, System Performance and Governance Chris Jones, Principal Adviser, Governance
<b>Agenda</b>	1. Performance during current financial year 2. Letter of Expectations 2023/24 3. Chair-only time
<b>Talking points</b>	Refer to Annex One

### Contacts

Name	Telephone	First contact
Chris Jones, Principal Adviser, Governance	s 9(2)(a)	✓
Emma Petrenas, Adviser, Governance		

## Minister of Transport Meeting with Chair of Waka Kotahi NZ Transport Agency on 12 April 2023

### Agenda Item One: Performance during current financial year

- 1 The purpose of this agenda item is to provide an opportunity for you to discuss Waka Kotahi performance during the current financial year ending 30 June 2023; and to better understand the extent to which targets in the 2022/23 Statement of Performance Expectations may be at risk.
- 2 The Ministry's recent briefing on Waka Kotahi performance (OC230236 refers) provides more detail on the Agency's year-to-date performance and the key risks and issues facing Waka Kotahi.

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

- 3 As noted in the Ministry's recent briefing, Waka Kotahi has made significant progress across a complex work programme in 2022/23, but the organisation is under growing pressure – this pressure has intensified due to recent extreme weather events.
- 4 Performance has slipped. The percentage of 2022/23 SPE measures offtrack and unlikely to be achieved by year-end increased from 19% in the first quarter to 27% in the second quarter.
- 5 One area of concern relates to road safety related performance, as deaths and serious injuries (DSIs) increased ten percent in the 12-month period ending December 2022, compared with the previous 12-month period. While DSIs are lower than the 2018 baseline, they are above the year-end target of 2,418 (consistent with the Road to Zero target of a 40% reduction by 2030). Other road safety-related measures are offtrack and unlikely to be achieved by year-end.
- 6 The percentage of NLTP and NZUP capital projects that were offtrack and unlikely to be achieved by year-end also increased; from 6% in the first quarter to 18% in the second quarter.
- 7 Waka Kotahi is facing ongoing cost pressures and subdued NLTF revenue. In the six months to December 2022, NLTF revenue was 12% below budget (primarily due to significantly lower-than-expected revenue from Fuel Excise Duty (FED) and Road User Charges (RUC). Due to the funding gap between revenue and expenses, Waka Kotahi had to draw down a further \$200 million of its \$2,000 million loan facility during the December quarter, to fund delivery across December 2022 and January 2023.
- 8 The extreme weather events during January and February have accentuated some strategic risks and placed greater pressure on the Agency. Therefore, it is likely that more 2022/23 SPE targets will be missed.
- 9 The Waka Kotahi Q2 performance report outlined four key strategic risks as 'extreme': sustainable funding; health, safety & wellbeing; failure of critical infrastructure; and cyber & information security.

## **Agenda Item Two: Letter of Expectations 2023/24**

- 10 The purpose of this agenda item is to provide an opportunity for you to reiterate and/or clarify any of the expectations included in your recent letter to the Chair and allow the Chair to provide any feedback on the letter.
- 11 The Waka Kotahi 2023/24 letter of expectations included the following themes:
- focus on the rebuild
  - continue to work towards being a leader in cost and asset management
  - exemplify value for money
  - look to the future state of the land transport system
  - ensuring the public is well informed and information is accessible
  - being a good employer.
- 12 The letter also acknowledged the pressures and challenges facing Waka Kotahi over the short-to-medium term, as it seeks to balance the cyclone recovery process with its business-as-usual work programme. This will place greater importance on good governance and enhanced transparency about the trade-offs and risks facing the Agency.
- 13 You may wish to reiterate some of the key expectations outlined in the letter and invite feedback from the Chair.
- 14 You may also wish to note that you look forward to receiving the Waka Kotahi draft 2023/24 Statement of Performance Expectations by the end of April and to seeing how your expectations and priorities have been reflected in the Agency's public accountability document.

## **Agenda Item Three: Chair-only time**

- 15 The purpose of this agenda item is to provide you with an opportunity to discuss any issues with the Chair that are more appropriately addressed without officials and the Waka Kotahi chief executive.

**Annex 1: Suggested Talking Points**

s 9(2)(g)(i)



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14 April 2023

OC230218

**Hon Michael Wood****Action required by:****Minister of Transport**

This noting briefing does not require any action.

cc Hon Kiri Allan

Associate Minister of Transport

## **SEVERE WEATHER EMERGENCY RECOVERY LEGISLATION ACT 2023: UPDATE ON PROPOSED ORDER IN COUNCIL FOR LAND TRANSPORT ACT 1998**

### **Purpose**

This briefing updates you on our work on possible transport-related amendments to the Land Transport Act 1998, through an Order in Council process being established under the Severe Weather Emergency Recovery Legislation Act 2023.

### **Key points**

- On 13 March 2023, Cabinet agreed to progress two Bills as part of the Government's response to extreme weather events in January and February 2023, including Cyclones Hale and Gabrielle [CAB-23-MIN 0078 refers]. The Severe Weather Emergency Legislation Bill amended a range of primary and secondary legislation, including amendments to support the rebuild of transport infrastructure. This Bill gained Royal Assent on 20 March 2023.
- The principal purpose of the second Act, the Severe Weather Emergency Recovery Legislation Act 2023 (the Act) is to assist communities and councils affected by severe weather events and respond to, and recover from, the impacts of these events. This includes providing for the planning, rebuilding, and recovery of affected communities. The Act was enacted on 13 April 2023.
- The Act includes a power for the Governor-General, on recommendation of the relevant Minister, to make Orders in Council (OiC) that amend primary legislation. This includes exempting from, modifying, extending, or making new provisions.
- As previously advised [OC230225 refers], we identified four general areas of proposed reform using the OiC process, mostly relating to recovery infrastructure works and consenting approvals. We also identified potential changes to the Land Transport Act 1998 (LTA) to:

- Grant the power to the Director of Land Transport (the Director) to extend the duration of land transport documents including licences and warrants or certificates of fitness.
- Grant the Director recall powers to ensure the safety of vehicles affected by extreme weather.
- Enable electronic service of documents.
- After further analysis, we do not recommend an OiC for the LTA at this time. Based on information provided by Waka Kotahi, we have determined that there is insufficient evidence of problems that require addressing through an OiC. We do not recommend enabling electronic servicing of documents and the Director's powers relating to the extension of land transport documents be the subject of an OiC.
- A recall power may still be required in the future. While not currently an issue, it is possible that over time, more evidence may emerge of vehicle safety issues relating to the weather events. Waka Kotahi will keep a watching brief on whether a problem with flood-affected vehicles or vehicle parts emerges. The Ministry will proceed with an OiC process in relation to vehicle recall powers if there is sufficient evidence of a problem.
- In addition, the expected passage of the Land Transport (Road Safety) Amendment Bill (Road Safety Bill) this year could obviate the need for an OiC. The Bill contains all the powers an OiC would have and would have fewer restrictions (e.g. geographical limits).
- Waka Kotahi is comfortable with our proposed approach to the LTA and our recommendations.
- We will brief you separately on proposed OiCs relating to transport infrastructure works. These include amendments to the Land Transport Management Act 2003 to streamline planning, funding approvals and procurement procedures of National Land Transport Fund (NLTF) funded activities.

**Recommendations**

We recommend you:

- 1 **note** we propose deferring development of an Order in Council amending the Land Transport Act 1998 to establish an emergency recall power for the Director of Land Transport, until there is sufficient evidence this power is needed
- 2 **note** that there is insufficient evidence that electronic servicing of documents and powers for the Director of Land Transport to extend transport documents are required through an OIC process.




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Carmen Mak  
**Policy Director, System & Regulatory Design**  
 14 / 04 / 2023

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Hon Michael Wood  
**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
Carmen Mak, Policy Director, System & Regulatory Design, Ministry of Transport	s 9(2)(a)	✓
Brendan Booth, Chief Legal Advisor, Ministry of Transport		

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## **SEVERE WEATHER EMERGENCY RECOVERY LEGISLATION ACT 2023: UPDATE ON PROPOSED ORDER-IN-COUNCIL FOR LAND TRANSPORT ACT 1998**

### **The Severe Weather Emergency Recovery Legislation Act enables Orders in Council (OiCs) to be made**

- 1 The Severe Weather Emergency Recovery Legislation Act 2023 (the Act) enables OiCs to be made in response to the recent severe weather events. It was enacted on 13 April 2023.
- 2 Any OiC will need to meet the primary purpose of the Act, which is to assist affected communities and councils to respond to, and recover from, the impacts of severe weather events. There are also checks and balances to ensure appropriate oversight of the OiC mechanism, including provisions aimed at strengthening Maori engagement as part of the OiC development process.

### **We had previously identified potential OiCs that could be made**

- 3 The Ministry of Transport had previously identified potential OiCs, which could facilitate the efforts of Waka Kotahi and KiwiRail to assist communities with recovery.
- 4 We had proposed OiCs could cover [OC230194 refers]:
  - 4.1 amending the LTA to provide emergency powers for the Director to have partial vehicle and vehicle product recall powers, and enabling electronic servicing
  - 4.2 streamlining planning, funding approvals and procurement procedures of NLTF funded transport 'recovery-related' activities
  - 4.3 streamlining and coordinating approval processes for transport-related infrastructure works so Waka Kotahi, KiwiRail and local government can undertake these works efficiently and effectively.
- 5 This briefing sets out our recommendations for the proposals in paragraph 4.1. We will provide you with a separate briefing on the proposals outlined in paragraphs 4.2 and 4.3.

### **Potential amendments to the Land Transport Act 1998**

- 6 Minister Allan is currently undertaking Ministerial consultation on the Cabinet paper for the introduction of the Road Safety Bill. The Bill currently has a legislative priority of 3: to be passed before the election, with an expected introduction date of 8 May 2023 and passage by the end of August 2023.
- 7 We discussed with Waka Kotahi whether some powers in the Bill would be suitable for inclusion in an OiC. The Bill contains powers for the Director of Land Transport to respond to emergencies such as the recent severe weather events. These include the ability to extend land transport documents, including driver licences, or to have partial

vehicle recall powers. It also includes the ability for councils and Waka Kotahi to serve documents electronically.

- 8 Data from Waka Kotahi indicate that the number of people not renewing their licences and vehicles not renewing their warrant/certificate of fitness is slightly higher than average. However, access to testing stations and other service providers has been fully restored in weather-affected areas, indicating that powers to extend the duration of documents are not necessary.
- 9 However, a partial vehicle recall power may be required. The severe weather in January and February 2023 damaged a lot of vehicles. The Motor Trade Association reported that over 2000 vehicles in the Hawke's Bay region and over 8000 in Auckland were damaged or written off as a result of flooding. While many of the vehicles would have been destroyed by the floods, some will have been scrapped, and others repaired and on-sold. Others may have been damaged but not written off, for example in cases where the owners did not have insurance.
- 10 Repaired write-offs and parts from scrapped vehicles and damaged (but still driveable) vehicles may in coming months develop flood-related damage that presents a safety risk. For example, testing stations could report a trend of flood-affected vehicles failing warrants of fitness.
- 11 A recall power would enable the Director to act quickly in an emergency if serious safety issues were to be discovered with a vehicle or class of vehicles. For example, electric vehicles driven in flood waters could develop safety problems caused by exposure to flood waters. If evidence were to be discovered that these vehicles were a safety risk, the Director could require their registered person to present the vehicles for inspection before being driven on public roads.
- 12 Alternatively, if parts salvaged from vehicles written off because of flood damage were found to present a safety risk, the Director could order a recall of cars containing the parts.
- 13 Currently there are no reported problems that we consider would meet the bar to justify an OiC introducing a recall power. However, if evidence arises to change this view, we will reconsider an OiC to create this power, if the Road Safety Bill has not been passed.

## Risks

- 14 The primary risk of not proceeding now with an OiC for the Director's recall power relates to possible implementation time delays. Should problems arise that require the Director to have a recall power, the process for making an OiC could take up to 2 months, based on the latest guidance from the Department of Prime Minister and Cabinet. Similarly, if an OiC is not in place before the House rises for Election 2023 and the Road Safety Bill is not in force, a recall and inspection of affected vehicles would be delayed by two months.
- 15 The above risk could be mitigated by Waka Kotahi raising public awareness of serious safety issues, and encouraging owners to bring these vehicles for inspection.



### Engagement and consultation

- 16 Waka Kotahi is comfortable with our proposed approach to the LTA and our recommendation.

### Next steps

- 17 Waka Kotahi will monitor any emerging safety issues with vehicles or vehicle parts that are related to the severe weather events. We will advise you of any issues as they arise, and whether an OiC process for enabling vehicle recall powers is required.
- 18 We will brief you on any OiCs needed for infrastructure rebuild and recovery in early May.

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## EVENT BRIEFING

26 April 2023

OC230348

**Hon Michael Wood**  
**Minister of Transport**

## URBANISM NZ 2023 CONFERENCE - 28 APRIL 2023

### Snapshot

You have accepted an invitation to participate at a plenary panel discussion at the Urbanism NZ 2023 Conference. The panel discussion will take place at 10.45am on Friday 28 April 2023 at the Cordis in Auckland. The discussion will take approximately 20 minutes, followed by a 10-minute audience Q&A session. The theme of the panel discussion is: Political perspective: your vision for our urban environment – it's time to step up. Your co-panellists are Hon Julie Anne Genter and Chris Bishop.

<b>Time and date</b>	<b>10.45am – 11.15am, Friday 28 April 2023</b>
Venue	Cordis Hotel, 83 Symond Street, Grafton, Auckland
Attendees	<p>There will be approximately 350 attendees at the Urbanism NZ 2023 conference. The guest list includes people from the urban sectors: urban designers, architects, urban planners, civil engineers, landscape architects, surveyors, property developers, academics, researchers, economic commentators, central and local government officials, provider agencies, and consultants.</p> <p>Nicole Rosie, Chief Executive at Waka Kotahi New Zealand Transport Agency will be providing the Friday (Day 2) welcome address.</p>
Officials attending	N/A
Run sheet	<p>9am – 9.10am: Day Two open and welcome address</p> <p>9.10am – 9.50am: Urban mobility and accessibility: can place and movement really coalesce?</p> <p>9.50am – 10.15am: Developer perspective: is solving our urban needs and wants dysfunctional?</p> <p>10.15am – 10.45am: Morning tea</p> <p>10.45am – 11.15am: Political perspective: your vision for our urban environment – it's time to step up</p> <p>11.15am – 12.15am: Liveable Communities (Rooms 1 and 2); Regenerative (Room 3)</p>

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Media	The media are invited to attend.
Speaking notes	Speaking notes are attached at Annex 1. Q&As are attached at Annex 2.

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**Contacts**

Name	Telephone	First contact
Alex Voutratzis, Principal Adviser, Placemaking and Urban Development	s 9(2)(a)	✓
Dmitry Mitenkoff, Adviser, Placemaking and Urban Development		
Jessica Ranger, Manager, Placemaking and Urban Development		

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## URBANISM NZ 2023 CONFERENCE - 28 APRIL 2023

### The Urbanism NZ Conference

- 1 You have accepted an invitation to take part in a panel of speakers at the Urbanism NZ Conference 2023 (**the Conference**). This is a two-day conference with the theme of *Shaping Our Urban Legacy*. You are attending on the second day at 10.45am on Friday 28 April 2023 at the Cordis Hotel in Grafton, Auckland.
- 2 The Conference has a wide range of stakeholders seeking the same outcome – good urban environments for all New Zealanders. The Conference looks to stimulate discussion about urban development.
- 3 The focus of the Conference is on the complex systems of urbanism with interconnected issues directed by different stakeholders. In 2018, the Conference outcome was the *Statement on New Zealand Urbanism* presented to then Minister of Economic Development. This year's event will again produce a statement for presentation to government.
- 4 This year, the Conference will provide a diversity of conversations on New Zealand's urban environments and their delivery. Key areas of focus include the evolution of urban design in Aotearoa through climate responsiveness, designing for a healthy urban environment, infrastructure requirements and connectivity, and land use and transportation.
- 5 This speaking engagement provides an opportunity for you to:
  - meet representatives of the urban development industry
  - provide your views on New Zealand's urban environments.

### Panel discussion

- 6 You are part of panel alongside Hon Julie Anne Genter (representing the Green Party) and Chris Bishop (representing the National Party) at the Conference. The theme of the panel discussion is: Political perspective: your vision for our urban environment – it's time to step up.
- 7 The panel discussion is approximately 20 minutes long and will be moderated by Susie Ferguson. Annex 1 outlines suggested speaking points. Approximately 10 minutes have been allocated for Q&As from the audience. We have provided additional talking points in Annex 2 to cover potential Q&A questions.
- 8 The Conference's organisers have outlined a range of topics to potentially be canvassed on the panel, including:
  - resilience and Auckland after the floods
  - climate change in our urban environments
  - land use, transportation, and mobility

- commercial imperatives in our new urban spaces.

## Biographies



### **Susie Ferguson**

Susie Ferguson is an award-winning journalist and broadcaster at RNZ, and for 8 years was co-host of Morning Report. A former war correspondent, she has reported from around the world and covered the aftermath of the Asian tsunami from Sri Lanka. She moved to New Zealand in 2009. She won gold at the New York Radio Festivals in 2021 for her podcast The Unthinkable.

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## ANNEX 1: SPEAKING POINTS

### Background

- The speaking notes cover the following list of topics:
  - Impacts of the severe weather events on the land transport network, including Auckland, the Coromandel, and Hawke's Bay:
    - impacts on the land transport network
    - resilience post floods in Auckland
    - resilience across the New Zealand land transport system
    - resilience transport-related workstreams.
  - Broader government climate change actions:
    - Emissions Reduction Plan
    - National Adaptation Plan
  - Integrated transport and land use:
    - need for strong alignment in transport and land use planning
    - Rapid Transit Framework
    - reshaped and futureproofed transport network in Auckland
    - Tāmaki Makaurau Integrated Transport Plan.

### Impact of the severe weather events on the land transport network

#### *Impacts on the land transport network*

- The land transport network across the North Island has experienced considerable damage due to the recent severe weather events, including in Auckland, Northland, the Coromandel, Hawke's Bay and Tairāwhiti.
- This conference is focused on our urban areas, so I want to give a sense of the impact on Auckland. There's been 50,000 insurance claims with estimates of costing over \$1 billion dollars. This shows the scale of the damage these natural events can cause to people and communities
- Auckland:
  - The Auckland Anniversary weekend events caused significant impacts to the Auckland transport network. Overall, the whole network recovered quickly.
  - The most significant impact was on the State Highway 1 at the Brynderwyn Range, where there have been severe underslips and overslips.
  - Contractors have worked hard to restore access to State Highway 1 through this area prior to Easter. Waka Kotahi has the road closed in both directions to allow for major earthworks and drainage installations to take place. This is necessary before it can re-open the road to the standard operating level of service in both directions.

- The Coromandel:
  - Many parts of the Coromandel roading network are vulnerable following on from the storm events. The most considerable damage has occurred on State Highway 25A between Kōpū and Hikuai, resulting in the complete collapse of the road.
  - There is no short-term fix for this section of the road, but Waka Kotahi is committed to reconnecting the Coromandel communities and working through options of a long-term solution. Waka Kotahi is exploring three solutions, and it expects to decide on the preferred solution in May 2023.
- Hawke's Bay:
  - Cyclone Gabrielle significantly impacted local road and state highway networks across the Hawke's Bay and Tairāwhiti, with several bridges either damaged or washed away.
  - Currently, only two sections of State Highway 2 remain closed – Tongioio to Tūtra, and the Waikare River Bridge. A Bailey Bridge will be in place at Waikare River in the coming weeks.
  - An interim alliance agreement is in place, with a full alliance set to be in place in June to lead the physical works delivery across both Hawke's Bay and Tairāwhiti. This will take several years, and Waka Kotahi is taking the opportunity to look at how it can deliver smarter, and with the future in mind.

#### *Resilience post floods in Auckland*

- While the Auckland transport network performed relatively well overall in response to the significant impacts to the severe weather events, we need to ensure we prioritise resilience in our project choices, designs, and construction now and in the future.
- Providing greater resilience will reduce damage and ensure the transport system can connect individuals, businesses, and communities quickly after future events.
- To provide greater resilience, we need to build back better. For me, the learnings we can take from these recent events can help us in the long-term. Especially as there are parts of the Auckland network that are vulnerable to storms, king tides, and other natural hazards. Other urban areas in New Zealand will have their own vulnerabilities.

#### *Resilience across the New Zealand land transport system*

- I have requested Te Manatū Waka Ministry of Transport ensure the draft Government Policy Statement (GPS) on Land Transport 2024 has 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.
- The GPS is the Government's vision for how land transport funding is invested over 10 years and is updated every three years. A draft will be available for consultation in the coming months.

#### *Resilience transport-related workstreams*

- Improving the resilience of the transport network is going to require a collaborative approach between local and central government. I want to acknowledge the work that councils are undertaking themselves and with Waka Kotahi.
- We want connected and futureproofed transport networks in our urban areas, with increased opportunities for faster, safer, and low carbon travel. This means providing solutions for people wanting to drive, bus, rail, walk, or cycle.
- Officials are working on a range of initiatives focussed on making it easier for New Zealanders in our urban areas to choose different modes of public and active transport. Having more transport choice helps to promote resilience, as well as reduce congestion and emissions and provide health benefits.

- These initiatives also reflect the interconnected relationship between transport and urban development and the need to create better cities for New Zealanders.
  - The ERP has an action focused on Waka Kotahi and the Ministry of Transport developing a national plan to reduce the vehicle kilometres travelled by the light vehicle fleet. This plan provides an opportunity to look at how we can shape urban form, so it better supports public and active travel networks.
  - Streets for People is a programme that allows councils to partner with communities to create safer, healthier people-friendly streets faster. Examples of projects include cycleways, parklets, low traffic streets, community spaces, and safer school crossings.
  - Reshaping Streets is a package of proposed changes that, if implemented, will make it easier for councils to make street changes that support public transport and active travel.
  - Public Transport Urban Form Guide supports, enables, and advocates good urban form that achieves transport outcomes around key public transport hubs. It provides a “toolbox” for central and local government agencies and those advocating for best practice land use and transport on how to successfully integrate the land transport system and urban form.

## **Broader government climate change actions**

### *The Emissions Reduction Plan*

- Transport officials are delivering the actions coming out of the ERP and the National Adaptation Plan. These actions will develop policy solutions that are not only about the transition to zero emissions, but also about how we plan, fund, deliver, and maintain transport networks that meet the needs of today and tomorrow.
- The ERP outlines several measures to help us bring transport-related emissions down and transition to zero emissions by 2050. These include increasing our investment in low-emission private vehicles and making it easier to choose public transport and active modes of transport.
- Ministry of Transport officials are working alongside those from the Ministry of Housing and Urban Development and the Ministry for the Environment to explore options for creating more energy-efficient, mixed-use urban development at medium and high densities, supported by active and public transport.
- It is good to see initiatives across Auckland underway, in partnership with local government, Māori and the private sector, to build housing that will help deliver low-emissions and climate-resilient urban environments. In my own electorate, Mt Roskill, Kāinga Ora is building 10,000 new houses over the next 10-15 years.
- Officials across government are also continuing to look at:
  - the funding and financing challenges for delivering infrastructure investment to support urban development
  - ways to use infrastructure funding and financing tools in a way that contributes to emissions reduction.

### *The National Adaptation Plan*

- The National Adaptation Plan will help to ensure climate-resilient development happens in the right locations. This is important as planning and infrastructure investment decisions drive development, and this development needs to have a climate resilience lens over it.

- I envisage solutions looking at embedding nature-based solutions as part of the response to reducing transport emissions and improving climate adaptation and biodiversity outcomes in our urban environments. I think there's a lot of opportunity to also focus on sustainable management and natural processes too.
- In addition, the Ministry and Waka Kotahi are working collaboratively on integrating adaptation into Waka Kotahi's Investment Decision Making Framework. This means that Waka Kotahi will need to consider climate change adaptation in its 2024 National Land Transport Programme development choices.

## **Integrated transport and land use**

### *Need for strong alignment in transport and land use planning*

- I'm supportive of ensuring better integration between the transport system with land use and urban form. This will support social, economic, and environmental wellbeing and resilience, and help whanau and communities in our urban areas thrive.
- Fit-for-purpose and futureproofed transport networks will need to provide affordable, convenient, safe, and sustainable access to social, cultural, health, and economic opportunities in our cities.
- As our cities continue to evolve, they will need to become more compact and provide more mixed use. This means people can learn, work, and play closer to where they choose to live. This will require development that makes better use of existing and new transport networks and services and supports more active and shared transport choices.
- It's essential we have quality walking and cycling infrastructure, affordable housing, and public spaces that encourage social interaction and support local businesses.
- Officials are exploring transit orientated development and how we can ensure the better utilisation of land along key transport corridors. This includes understanding the barriers to this kind of development in New Zealand, and how it can be best used in our cities.
- Advantages of transit orientated development include reducing congestion and time spent on commuting, alleviating urban sprawl, allowing residents to live, work and play in the same area, providing better access to jobs, services, and recreation, and stimulating local economies.

### *Rapid Transit Framework*

- The Ministry of Transport is working on developing a framework for government agencies and councils to use when considering Rapid Transit (RT) projects in our cities.
- Having a framework will support and advance a consistent, efficient, and transparent approach to developing these kinds of projects in New Zealand. It will provide more clarity on government expectations on the key areas and issues that will need to be considered and addressed to efficiently progress these projects when working with government.
- I've asked the Ministry to ensure the framework emphasises the need for social licence. Rapid transit projects need to have strong buy-in from the community and private sector.

### *Reshaped and futureproofed transport network in Auckland*

- The Government is upgrading Auckland's transport infrastructure to future proof the system for future generations to come and support our largest city to thrive.
- Auckland's population is projected to rise to two million by the early 2030's. To move that many people around safely and efficiently, we need well-planned and connected transport infrastructure.



- Auckland Light Rail and the additional Waitematā Harbour connections are important building blocks in providing a linked up rapid transit network that allows people to travel faster and seamlessly across Auckland.

*Tāmaki Makaurau Integrated Transport Plan*

- The Mayor of Auckland and I have jointly commissioned a Tāmaki Makaurau Integrated Transport Plan which officials are currently working on, and we expect to see a draft by the end of May.
- The plan will include all modes of transport for Auckland and will set out the direction we jointly see Auckland moving towards over the long-term 30-year horizon, what that looks like for the next 10 years (2024-34) and the investment options we have ahead of us for the next three years
- The integration of transport and land use in Auckland is critical as we see the city develop, grow and as we respond to our emissions reduction targets set out in the ERP. It is clear in the ERP that Auckland must do some heavy lifting for us to see gains in the emissions reduction space
- A key part of the plan is providing a focus on resilience and climate mitigation to ensure Auckland is as resilient to future weather events as it can be and as part of this plan, we will have a focus on renewals and thinking about building these back better and smarter.

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## ANNEX 2: Q&A

Outlined below are some potential questions that the audience may ask as part of the Q&A section of the panel discussion.

### Cyclone Gabrielle

*What is the extent of the damage to the State Highway network?*

Cyclone Gabrielle caused significant damage to parts of the State Highway network. The most significant damage has been to State Highway 2 between Napier and Wairoa, State Highway 25A in the Coromandel and State Highway 35 between Te Puia Springs and Tolaga Bay in Tairāwhiti. These routes will likely take some months to repair.

The full extent of the damage to this and the rest of the network are still being assessed. The immediate priority is restoring access to help the local communities and businesses to get the help they need.

*What is the extent of the damage to the rail network?*

The network is mostly open except for the North Auckland Line and the line between Woodville and Hastings, Hastings to Napier and Napier to Wairoa.

KiwiRail is still investigating the full extent of the damage. At this stage, KiwiRail believes it can reinstate the line to Woodville and through to Hastings in around 2 weeks, however I must stress that assessments of structures are still occurring.

KiwiRail estimates the connection from Hastings to Napier will take months to be restored given the extensive damage, including the loss of a rail bridge. Once the connection to Hastings can be resumed, KiwiRail will look to road bridge freight from Napier Port and other customers to support supply chains.

No estimate is available for the opening of the Napier to Wairoa line. KiwiRail has not been able to assess the full extent of damage, but initial sight observations (from a helicopter) suggest around 150 sites are damaged.

The North Auckland Line has been closed since the Auckland Anniversary Weekend flooding. There is a major slip – at least 35,000 cubic metres at Takekeroa (25km north of Helensville) and around 102 damaged sites. This slip also impacts the local road network. KiwiRail is working with Waka Kotahi to triage resources between this, the repairs on the Brynderwyns.

*How much is the rebuild going to cost?*

The full extent of the damage to the State Highway network is still being assessed. We are fully aware that the rebuild could come with a multi-billion-dollar price tag.

The Government has already announced an interim emergency relief package that includes \$250 million to help Waka Kotahi and local councils for emergency works (to assess and fix roads and get transport links back up and access into communities). Clearly, the costs will be significantly higher. It is too early to put a figure on that.

Similarly, it is too early to provide an estimate for the rebuild costs for rail, however it will be substantial. Technical experts are still assessing various parts of the affected rail network.

*Who will end up paying for the rebuild?*

Ultimately, one way or another, we as New Zealanders will. This is why it is so critical that we start addressing climate change, both by reducing the emissions from the transport sector, and developing resilience in our infrastructure to natural disasters that are only going to increase in frequency.

It is worth noting though, that the national railway network is insured, but it is too early to determine the details of any potential claim. KiwiRail will work with officials as more information on the damage and potential recoveries become known.

*How will the infrastructure be built to withstand the increasing impacts of climate change?*

This is a complex issue that will be worked through in the recovery and build phase. As the Prime Minister has said, there will be some challenging issues to work through. The Prime Minister has appointed regional lead ministers to help coordinate the response and recovery.

*What work is being stopped to focus on the rebuild?*

Resources have been reallocated to deal with the response. For the long-term recovery, decisions on the reprioritisation of roading projects have not yet been made.

With regards to rail, all required track inspections have not been affected but KiwiRail has diverted staff from less urgent maintenance work to focus on the rebuild. They are also making use of civil contractors for the rebuild.

KiwiRail believes there will be a programme impact, however major projects like New Zealand Upgrade projects and the Auckland Rail Network Rebuild are still high priorities for the Government.

*Can you elaborate on the Government's measures to improve Auckland's transport network resilience after the recent floods, and how these measures, in your view, fit into the Government's broader strategy for Auckland's urban development plans?*

We are working collaboratively with Waka Kotahi and Auckland Council to improve the resilience of Auckland's transport network. The Tāmaki Makaurau Integrated Transport Plan will play a key role in identifying projects through a resilience lens over the long-term. This will help to provide certainty about what we are and will be delivering for Aucklanders. I'd also note we are investing heavily into multi-modal transport options; just recently I was at the opening of the Northern Corridor Improvements project, opening the final six-kilometre section of shared path on Auckland's North Shore between Constellation Station and Oteha Valley Road. Work has also started on the Eastern Busway extension, and we have gone out for consultation on the new Waitematā Harbour crossing options.

## Other

*The Government has recently announced that they are ending the Sustainable Biofuels Obligation and the Clean Car Upgrade Scheme, what does mean for our emissions reduction in the long-term?*

I want to acknowledge these announcements were very tough decisions that we had to make. As a Government, we are committed to addressing the bread-and-butter issues facing New Zealanders today and the cyclone recovery. These announcements don't diminish our focus on reducing emissions, we are still committed to delivering on the pathway to a carbon free New Zealand by 2050. As you would have heard in the panel discussion, we are pulling a lot of different levers to achieve carbon zero.

*What is the Government's plan to address the challenges of improving public transport access to underserved communities, especially in the context of addressing the climate change?*

I am very focussed on ensuring underserved communities have reliable PT options to access education, healthcare, and jobs e.g. We all know the challenge in Auckland is that we are playing catch up after decades of neglect into the transport system. Compounding this is the

need to manage today's growth and future proof the transport system for the growth of tomorrow.

We are investing a significant amount of funding into improving the public transport network and the services in partnership with Auckland Transport. Projects like the Eastern Busway and the North-western Bus Improvements will provide more reliable bus journeys, with improved connections both locally and into the city centre.

We are investing into the metro rail network with KiwiRail electrifying it from Pukekohe and Papakura and making improvements across the wider network to maximise the benefits of the City Rail Link from day one.

*What are some Government's actions that support the development of more liveable and vibrant urban spaces in New Zealand, and how do these plans and actions fit in with the current transport network planning?*

We are taking an integrated approach to good urban development. For example, in Auckland as well as in many other cities and towns, the focus is on creating sustainable and liveable urban spaces which prioritise health and wellbeing. You're seeing this play out in the Kāinga Ora developments across Auckland in places like Mount Roskill and Northcote, and in the Carrington Development at the Unitec site in Mount Albert. These projects are nearby to public transport infrastructure or town centres and help to promote active transport modes.

*What is role of technology in improving our transport network's resilience, and what are some actions this Government has taken in utilising technology in this area?*

Technology forms a great part in making our cities and towns more resilient. The Government is investing in several initiatives, including:

- Electric vehicles through the Clean Car discount
  - we are now up to approximately 20% of all new vehicles into the New Zealand fleet being battery-electric
  - Road user charges exemptions for light electric vehicles until 31 July 2024 is also an incentive for people to switch to an EV.

*In your view, what are the biggest challenges the New Zealand transport network is facing in the next decade, and what steps is the Government taking to address these challenges?*

Without a doubt, the challenge is climate change and needing to transition to zero emissions, as well as prioritising resilience to reduce the vulnerabilities in our transport system. Cyclone Gabrielle has shown us the massive devastation that can happen to communities, and the damage to the transport system. I think about how 75% of New Zealanders live within 10kms of a coastline and the existing transport infrastructure that enables them to get around. We also need to start having some serious conversations about climate change and its potential impacts on our more vulnerable communities.

*Will you have to increase the FED and RUC rates to pay for the rebuild and resilience?*

These decisions have not yet been made.

*What about congestion charging?*

- Enabling congestion charging requires a change in legislation, and a decision is yet to be made in Cabinet.
- If the Cabinet decide to progress any legislation changes in this space, we will work with Auckland Council to design a scheme and investigate ways to mitigate possible adverse financial impacts of congestion charging on low-income households.

- Equity concerns will need to be addressed as congestion charging schemes are designed. There are a mix of ways to mitigate any unfair impacts, including using the money raised from a congestion charge to invest in improved public transport in lower-socioeconomic areas.

*When do you anticipate congestion charging might be introduced in Auckland?*

The Congestion Question project recommended aligning the introduction of congestion charges in Auckland with the opening of the City Rail Link, currently scheduled for 2025.

*Why do you want to charge for congestion?*

- Alongside investment in public transport and walking and cycling, congestion charging can help to improve quality of life and access to work, education, and leisure opportunities in our largest cities. It can reduce the amount of time people spend in traffic, encourage people to change the time and/or mode of their travel and boost productivity by enabling people and goods to move more freely around the city.
- The exact level of improved performance will depend on the design of the scheme, but the Congestion Question project found that it would be possible to achieve an 8 to 12 percent improvement in performance (like during the school holidays).

*How much might a congestion charge be?*

- This will depend on what the charge aims to achieve and will be determined by each city as detailed schemes are designed. The Congestion Question suggested a peak time charge of \$3.50 for Auckland, but this needs further refinement, consideration of equity impacts and broad public consultation.

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26 April 2023

OC230296

Hon Michael Wood

Minister of Transport

## BUDGET ECONOMIC AND FISCAL UPDATE 2023 - FORECAST OF NATIONAL LAND TRANSPORT FUND REVENUE

### Purpose

To update you on the 2023 Budget Economic and Fiscal Update (BEFU 23) forecast for the National Land Transport Fund (NLTF).

### Key points

- Compared to the Half Year Economic and Fiscal Update (HYEFU 22), we expect a 16 percent decrease in NLTF revenue in 2022/23 and a 6 percent decrease, or \$635 million, over the 2021-24 National Land Transport Programme (NLTP 2021).

**Table 1: Forecast NLTF revenue for NLTP 2021.**

Financial Year	BEFU 23	HYEFU 22	Difference	
	(\$ million)	(\$ million)	(\$ million)	(%)
2021/22	3,809		n/a	n/a
2022/23	2,867	3,397	-529	-16%
2023/24	4,216	4,322	-106	-2%
<b>Total</b>	<b>10,892</b>	<b>11,528</b>	<b>-635</b>	<b>-6%</b>

- The decrease in revenue in this forecast is attributable to the Government's cost-of-living package that provides a 36 percent reduction in road user charges and 25 cent per litre reduction in fuel excise duty.
- Foregone revenue to the NLTF will be backfilled from a \$1.9 billion Crown appropriation. As at the start of April, the drawdown from this fund has been \$1.27 billion. Our forecasts indicate that the full appropriation will be utilised, but we will continue to monitor its drawdown. BEFU 23 will be published on the Treasury website on budget day, 18 May 2023<sup>1</sup>. If you need additional information or support for any future public messaging, we are available to assist your office.

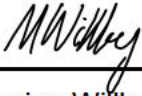
<sup>1</sup> <https://www.treasury.govt.nz/publications/budgets/forecasts>

**Recommendations**

We recommend you:

1 refer this briefing to Hon. Grant Robertson, Minister of Finance

Yes / No



Marian Willberg  
Manager, Demand Management and Revenue

..26/04/2023....

Hon Michael Wood  
Minister of Transport

..... / ..... / .....

Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

Comments

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**Contacts**

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James McDevitt, Senior Adviser, Demand Management and Revenue		

## **BUDGET ECONOMIC AND FISCAL UPDATE 2023 - FORECAST OF NATIONAL LAND TRANSPORT FUND REVENUE**

### **We provide updated National Land Transport Fund (NLTF) forecasts to the Treasury for its six-monthly Economic and Fiscal Updates**

- 1 In 2012, Cabinet directed Te Manatū Waka the Ministry of Transport to report to the Minister of Finance and Minister of Transport on actual and forecast NLTF revenue and expenditure.
- 2 We refresh our forecasts of NLTF revenue based on the most up-to-date data at each of the Treasury's forecasting rounds. These six-monthly forecasts are based on a range of inputs such as fuel price, vehicle kilometres travelled and a range of macro-economic variables.
- 3 Revenue forecasts are intended to provide you with an opportunity to:
  - 3.1 identify and respond to immediate revenue pressures
  - 3.2 understand the revenue available under current policy settings to meet expenditure priorities, and help guide the development of funding ranges for the Government Policy Statement on land transport (GPS)
  - 3.3 help inform long-term revenue implications.
- 4 We compare the latest revenue forecasts with corresponding GPS 2021 forecasts that were used to set the expected expenditure for the 2021-24 National Land Transport Plan (NLTP 2021). When there are significant differences in revenue forecasts, this may require:
  - 4.1 Waka Kotahi NZ Transport Agency (Waka Kotahi) to reconsider how it gives effect to the GPS (for example, reprioritisation of activities or money between activity classes)
  - 4.2 you and your Cabinet colleagues to consider the transport revenue and investment settings (for example, change of direction in the GPS or the level of fuel excise duty (FED) and road user charges (RUC)).
- 5 These economic and fiscal update forecasts estimate future revenue to the NLTF, not the overall financial position of Waka Kotahi. They do not consider the investment demands or cost escalations, so they do not give the full picture of any potential investment gap. Further advice on expenditure, and forecast revenue, is provided through the GPS 2024 workstream.

### **Compared to the Half Year Economic and Fiscal Update (HYEFU 22), our updated forecasts predict a significant drop in NLTF revenue for 2022/23 due to the Government's temporary reductions to FED and RUC**

- 6 Our forecasts make the following key assumptions:



- 6.1 There are no forecast increases to FED and RUC rates. This is consistent with the GPS 2021, which states there will be no increases in the next three years (2021, 2022, 2023).
  - 6.2 There are no further significant travel restrictions due to COVID-19. This is in line with Treasury's assumptions and macroeconomic forecasts for this update.
  - 6.3 The Government's transport decarbonisation policies are revenue neutral. It's unlikely this would be the case, but we are in the process of updating our models so that we can reliably include the impact of these policies in our revenue forecasts (refer OC220995).
- 7 Table 2 sets out a summary of the forecast revenue flow to the NLTF over the coming financial year. The drop in revenue is driven by the extension of the FED and RUC discounts provided as part of the Government's cost-of-living package, as announced in January this year.
- 8 Compared to HYEPU 22, Budget Economic and Fiscal Update (BEFU 23) forecasts a \$529 million, or 16 percent, reduction in revenue for 2022/23. Revenue from RUC is forecast to reduce by 16 percent, or \$251 million and FED revenue by 18 percent, or \$277 million.

**Table 2: Comparison of forecast NLTF revenue for the 2022/23 financial year.**

	BEFU 23	HYEPU 22	Difference	
	(\$ million)		(\$ million)	(%)
Road user charges	1,342	1,593	-251	-16%
Fuel excise duty	1,274	1,551	-277	-18%
Motor vehicle registration and licensing fees	235	236	-1	-1%
Track user charges	16	16	0	0%
<b>Total</b>	<b>2,867</b>	<b>3,397</b>	<b>-529</b>	<b>-16%</b>

- 9 Table 3 calculates the foregone revenue for low, medium and high volume NLTF revenue scenarios relative to the lower expenditure range in GPS 2021. In NLTP 2021, we are projecting a \$1.99 billion deficit compared to the lower expenditure range for the medium volume scenario. Similarly, we anticipate a \$2.1 billion deficit for the low-volume scenario, and a \$1.86 billion shortfall for the high-volume forecast.
- 10 Across all three scenarios, approximately 73 ±3 percent of the foregone revenue of the cost-of-living package occurs in 2022/23 and 22 ±1 percent in 2021/22, with 5 ±4 percent of the impact in 2023/24.

**Table 3: Impact of low, medium, and high -volume NLTF estimates on meeting GPS 2021 lower expenditure ranges throughout NLTP 2021.**

	GPS 2021 Lower Expenditure Range	NLTF		NLTF		NLTF	
		Low Scenario		Medium Scenario		High Scenario	
	(\$ million)	(\$ million)		(\$ million)		(\$ million)	
2021/22	4,245	3,809	(-436)	3,809	(-436)	3,809	(-436)
2022/23	4,315	2,837	(-1,478)	2,867	(-1,448)	2,898	(-1,417)
2023/24	4,320	4,121	(-199)	4,216	(-104)	4,312	(-8)
Gap/Flexibility			(-2,112)		(-1,988)		(-1,860)

Note: yearly gap/flexibility is denoted in brackets against each scenario as either +/-.

- 11 A \$1.9 billion Crown appropriation was established to backfill the NLTF but this isn't included in our forecasts because of the Treasury's BEFU requirements (refer Treasury Circular 2023/01). To date, \$1.27 billion has been provided to Waka Kotahi to backfill the NLTF. If the Crown appropriation is drawn down in full there will be sufficient funds to meet the lower expenditure range for NLTP 2021 (Table 3). In general, our forecasts tend to underestimate revenue, especially since COVID-19 as people have been avoiding public transport and preferring private modes. We present a high to low traffic volume range in our forecasts to accommodate this variability. We expect actual revenue for financial year 22/23 to be between the medium and high-volume forecasts in Table 3.

**We will continue to monitor NLTF revenue, and our next forecast will be the Pre-election Economic and Fiscal Update (PREFU 23)**

- 12 We will continue to monitor actual NLTF revenue received on a quarterly basis, and we will update you through the weekly report if there are any material changes to the information in this briefing. We will also regularly assess the impact that any reduced revenue is having, or forecast to have, on expenditure under the NLTP 2021.
- 13 The next NLTF revenue report will be PREFU 23 and it will be provided to your Office and published on the Treasury website in August/September 2023. PREFU 23 will include actual NLTF revenue figures up to the 2022/23 financial year. Therefore, it will include the financial balance of the FED and RUC reductions for the full cost of the cost-of-living package if it is not extended further.