

OC220524

5 August 2022

s 9(2)(a)

Tēnā koe s 9(2)(a)

I refer to your email dated 27 June 2022 requesting the following documents, as per the April briefings list on our website, under the Official Information Act 1982 (the Act):

- OC220233 6/04/2022 *Electric vehicle supply - Challenges and opportunities*
- OC220066 8/04/2022 *Waka Kotahi NZ Transport Agency Performance Update - April 2022*
- OC220227 11/04/2022 *Meeting with Cleve Cameron, Big Street Bikers*
- OC220015 12/04/2022 *Public Transport Operating Model Review - outstanding policy issues*
- OC220012 13/04/2022 *Work with Te Rūnanga O Ngāi Tahu on new housing developments with shared transport*
- OC220084 13/04/2022 *Graduated Driver Licensing System Regulatory Review- Results from further crash data analysis*
- OC220210 13/04/2022 *Civil Aviation Authority - 2021/22 liquidity facility surplus*
- OC220234 13/04/2022 *Meeting with the Civil Aviation Authority Chair and Chief Executive 20 April 2022*
- OC220251 13/04/2022 *Meeting with the Transport Accident Investigation Commission's Chief Commissioner and Chief Executive - 20 April 2022*
- OC220209 20/04/2022 *Budget economic and fiscal update 2022 forecast of National Land Transport Fund Revenue*
- OC220302 22/04/2022 *Meeting with the Waka Kotahi NZ Transport Agency*
- OC220197 29/04/2022 *Penlink Road Tolling Scheme - Assessment of the tolling proposal*

On 21 July 2022 we extended the time period for responding to your request, as consultations necessary to make a decision on your request were such that a proper response could not reasonably be made within the original time limit. We have now completed the necessary consultations and our response is detailed below.

All twelve documents that fall within scope of your request are listed in the document schedule attached as Annex One. The schedule outlines how each document has been treated under the Act. Of the twelve, we are releasing seven, withholding four and refusing one. Certain information, or full documents have been withheld or refused under the following sections of the Act:

- 6(a) as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
- 6(b) as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence
- 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)(j) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
- 18(d) the information requested is or will soon be publicly available.

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

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

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

Nāku noa, nā



Hilary Penman
Manager, Ministerial Services

Annex One - Document Schedule

Doc#	Reference number	Title of Document	Decision on request
1	OC220233	Electric vehicle supply - Challenges and opportunities	Refused under Section 18(d) as it will soon be publicly available. This paper is part of a package of clean car related briefings the Ministry intends to proactively release during August.
2	OC220066	Waka Kotahi NZ Transport Agency Performance Update - April 2022	Some information withheld under Sections 9(2)(a) and 9(2)(j).
3	OC220227	Meeting with Cleve Cameron, Big Street Bikers	Some information withheld under Sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(i), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(j).
4	OC220015	Public Transport Operating Model Review - outstanding policy issues	Withheld in full under Section 9(2)(f)(iv).
5	OC220012	Work with Te Rūnanga O Ngāi Tahu on new housing developments with shared transport	Some information withheld under Section 9(2)(a).
6	OC220084	Graduated Driver Licensing System Regulatory Review- Results from further crash data analysis	Withheld in full under Section 9(2)(f)(iv).
7	OC220210	Civil Aviation Authority - 2021/22 liquidity facility surplus	Withheld in full under Section 9(2)(f)(iv).
8	OC220234	Meeting with the Civil Aviation Authority Chair and Chief Executive 20 April 2022	Some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
9	OC220251	Meeting with the Transport Accident Investigation Commission's Chief Commissioner and Chief Executive - 20 April 2022	Some information withheld under Sections 6(a), 6(b), 9(2)(a), 9(2)(ba)(i), 9(2)(f)(iv) and 9(2)(g)(i).
10	OC220209	Budget economic and fiscal update 2022 forecast of National Land Transport Fund Revenue	Some information withheld under Section 9(2)(a). Please note that financial support has been agreed by Cabinet to cover lost revenue from FED and RUC reductions.
11	OC220302	Meeting with the Waka Kotahi NZ Transport Agency	Some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
12	OC220197	Penlink Road Tolling Scheme - Assessment of the tolling proposal	Withheld in full under Section 9(2)(f)(iv).



8 April 2022

OC220066

Hon Michael Wood
Minister of Transport

Action required by:
Thursday, 14 April 2022

WAKA KOTAHI NZ TRANSPORT AGENCY PERFORMANCE UPDATE – APRIL 2022

Purpose

This briefing provides you with a performance update of Waka Kotahi NZ Transport Agency (Waka Kotahi / the Agency). This update is based on a collective assessment of data sources and evidence, including the Agency's Quarter Two 2021/22 Performance Report, regular meetings, and the Ministry's assessment of strategic risks and issues.

Key points

- Waka Kotahi continues to progress its extensive work programme. Of those able to be measured before year-end, Waka Kotahi has achieved most of its performance measures and significant activities.
- COVID-19 continues to place significant pressure on the capital works programme - the full impacts on time and cost are still being worked through. The Ministry sees a growing risk in the ability of Waka Kotahi to deliver the revised National Land Transport Programme 2021 (NLTP) and the New Zealand Upgrade Programme (NZUP) on time and within budget. The Ministry will continue to assess these pressures and raise delivery risks with you.
- Revenue reduction will further constrain Waka Kotahi's ability to deliver, with an 11 percent reduction in National Land Transport Fund (NLTF) revenue to 31 December 2021. Waka Kotahi has signalled the use of its \$2 billion loan facility to replace this revenue shortfall, which will adversely impact the Agency's ability to deliver activities from the revised NLTP.
- Waka Kotahi is progressing a number of significant change projects designed to improve organisational effectiveness, including an uplift in regulatory performance management, the risk and assurance programme and transport services' operating system.
- Staffing levels and retention are a key area of concern, given the constrained labour market and wage inflation. The Ministry is working with Waka Kotahi to understand the magnitude and impact of labour resource constraints, as this has been identified as a key strategic risk by the Agency.

Recommendations

We recommend you:

- 1 **note** that Waka Kotahi intends to publish its Quarter Two 2021/22 Performance Report on its website before the end of April 2022.



Chris Jones
Acting Manager, Governance
8 / 4 / 2022

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
Chris Jones, Acting Manager, Governance	s 9(2)(a)	✓
Warner Peel, Adviser, Governance		
Jenny Smith, Senior Adviser, Governance		

WAKA KOTAHI NZ TRANSPORT AGENCY PERFORMANCE UPDATE - APRIL 2022

Delivery of significant activities remains the key focus

Waka Kotahi is on track to meet most of its performance targets...

- 1 For the latest reporting period (quarter two 2021/22), Waka Kotahi has worked to keep most of its reportable performance measures and significant activities on track to meet year-end targets.
- 2 Waka Kotahi reports that it is likely to achieve all of its “significant activities” in 2021/22, with 20 activities currently ‘on track to meet target’ and 10 activities ‘not on track, but still likely to complete activity by year-end’. The Ministry does not have any specific concerns on delivery of these activities but will continue to monitor progress as the impacts of COVID-19 on delivery will be clearer in quarter three. Waka Kotahi also reports 12 of 16 reportable performance measures to be on track in 2021/22. **Table One** outlines the measures that are *not* on track and some commentary on reasons why.
- 3 You are meeting with the Waka Kotahi Board Chair on 20 April 2022. During this meeting, the Chair may provide you with an update on any Statement of Performance Expectations 2021/22 activities that are *not* likely to be delivered by year-end.

Table One: Four performance measures not expected to be delivered in 2021/22

Performance measure	Ministry comment
Length of the network treated with reduced speed limits	Waka Kotahi reports that consultation issues have limited Waka Kotahi's ability to deliver as expected in this area. You discussed challenges with social licence at your meeting with the Waka Kotahi Board Chair on 11 March 2022, and asked Waka Kotahi to continue to monitor concerns in this area going forward (OC220054 refers).
Number of passive breath tests and breath screenings conducted	COVID-19 has impacted NZ Police's ability to deliver large-scale breath testing. NZ Police is working with regional commanders to push for consistency of delivery in this area.
Number of hours of mobile cameras are deployed	Servicing requirements impacted more than one-quarter of the mobile camera network; replacement cameras are being rolled out. NZ Police performance remains a key risk to the outcomes of Road to Zero - you met with the Ministerial Governance group on Road to Zero on 14 February 2022 to discuss delivery.
Number of boardings on urban public transport services	This measure has been heavily affected by ongoing COVID-19 restrictions. The ongoing omicron outbreak will likely impact deliverables in this space for the remainder of 2021/22.

...however, COVID-19 continues to adversely impact the delivery of capital projects

- 4 Across the 40 significant capital projects (including both NZUP and NLTP), 21 are on track to deliver year-end targets. Of the remaining 19 projects:
 - 4.1 eight are not currently on track but are still expected to meet year-end targets; and
 - 4.2 11 are not expected to meet year-end targets.
- 5 There are significant cost and time pressures across the programme that will continue to hinder Waka Kotahi's ability to deliver projects as expected, including:
 - 5.1 The August 2021 COVID-19 outbreak has added to existing project delays as alert level changes halted projects, and Auckland border restrictions limited key personnel from travelling domestically.
 - 5.2 Inflationary pressures on labour and raw materials are becoming more acute - supply chain constraints are adding to these cost pressures.
 - 5.3 s 9(2)(j)
- 6 The Ministry sees a tangible risk that cost and time pressures - in addition to revenue losses (see **paragraph 8**) - will limit Waka Kotahi's ability to deliver the full NLTP to the scope and cost outlined. You briefly discussed these risks with the Waka Kotahi Chair on 11 March 2021 (OC220054 refers). Waka Kotahi has acknowledged the need to communicate with stakeholders about revised expectations and to keep you appropriately informed as the impacts become known. The Ministry will continue to engage Waka Kotahi on delivery risks and work with the Agency on possible trade-offs.

The Ministry has sought more information on the delivery of the Speed and Infrastructure Programme

- 7 On 10 February 2022 the Ministry sent an information request to Waka Kotahi on the progress and governance of the Speed and Infrastructure Programme (SIP). SIP is a core infrastructure activity within the Road to Zero strategy and important element to achieving the target reduction in deaths and serious injuries. A specific focus of this inquiry related to how the Waka Kotahi Board forms confidence in the planning and allocation of this programme. Waka Kotahi is preparing a response to this request and the Ministry will raise any concerns with you.

Financial pressures remain and will need to be closely monitored

COVID-19 has continued to put substantial pressure on Waka Kotahi's revenue systems

- 8 Waka Kotahi reports an 11 percent decline in NLTF revenue during the first half of 2021/22, reflecting alert level changes during the August 2021 COVID-19 outbreak. Waka Kotahi was not invited to submit a bid for NLTF revenue reduction in Budget 2022 and has signalled that the \$2 billion dollar Crown loan facility will be used to address the impact of COVID-19 on the NLTF. This will impact the loan facility's ability to deliver the rescoped NLTP.

- 9 NLTF expenditure is five percent above budget. The Public Transport Services activity class is under pressure due to reduced patronage (leading to higher FAR contributions). A budget initiative has been submitted in respect of this additional expenditure. If additional funding is not received, pressure on this activity class may need to be addressed through a reduction in investment or the (already constrained) \$2 billion loan.
- 10 Waka Kotahi has engaged collaboratively on the reduction of the Fuel Excise Duty (FED), Road User Charge (RUC) and Public Transport fares. Further work is underway to implement RUC changes from 21 April 2022. Regular reporting to you on this programme is being developed.
- 11 COVID-19 has also impacted regulatory revenue over the last six months. A Budget bid has been submitted to cover the permanent regulatory revenue loss, which is expected to be approximately \$10 million. Waka Kotahi's regulatory function continues to be supported by Crown loans, until such time as the fees and funding review is completed. The risk of a further increase in Crown loans significantly increases if the Budget bid is not successful. The Ministry will continue to proactively monitor this risk on your behalf.

Organisational capability needs to be closely monitored

Progress is ongoing on operating and capability changes...

- 12 Waka Kotahi is continuing its Transport Services Operating Model refresh work programme. As previously signalled to you (OC210968 refer) we are working with Waka Kotahi to better understand the progress being made and the effectiveness of any changes. Given resource constraints - combined with Waka Kotahi's growing delivery programme - we see this work as critical.
- 13 The capability uplift within the risk and assurance function continues. The Ministry is pleased with the increase in activity and strengthening leadership of this function. Once the Agency has had sufficient time for recent changes to take effect, the Ministry will seek to initiate a follow-up to the 2018 risk and assurance review completed by PwC to assess the effectiveness of the changes and provide insight into further areas for improvement.
- 14 The regulatory function continues to mature across core programmes, including refreshing the Agency's strategy and updating of the regulatory performance framework. The Ministry also notes that good progress has been made in improving the capability of the rail regulation sector. The Ministry understands that work is underway to get greater clarity on what a fully resourced rail regulator looks like and how that should be funded, we have sought to engage in this process and will continue to work with Waka Kotahi. Consultation on the fees and funding review started on 21 March 2022 - Waka Kotahi expects to provide you with an update on key themes from consultation in August 2022.

However, staffing levels remain a core concern for Waka Kotahi

- 15 Waka Kotahi is having difficulty retaining staff in the current tight labour market. High levels of staff turnover is adversely impacting productivity and momentum.

Continued prioritisation on Governance and value for money is crucial

- 16 You have previously communicated to the Board your wish to see a value for money review conducted into operational expenditure (value for money reviews into direct expenditure within activity classes is undertaken through GPS “deep dives” such as the State Highway Maintenance review referred to above). We will begin the process of scoping the review, agreeing a terms of reference and appointing resource. The Ministry expects to have this underway by the end of the 2021/22 financial year, with findings available before the end of 2022.
- 17 In response to the 2021 interim review of Transmission Gully, Cabinet agreed that Waka Kotahi would report back to the Ministry on improvements to governance of large-scale projects in April 2022. Effective project governance is especially important with the significant delivery challenges facing Waka Kotahi. The Ministry expects to review this report back before the next performance update and will provide you with an update within the quarter three performance report.

Upcoming Activities

- 18 Waka Kotahi must provide you with a draft Statement of Performance Expectations (SPE) for 2022/23 by 30 April 2022. You will have 15 working days to provide feedback to Waka Kotahi. Waka Kotahi has continued to work on streamlining performance measures within accountability documents and the Ministry expects to see some of these changes in this SPE. The Ministry will provide you with a briefing and draft letter to support your response.
- 19 The Ministry is also preparing an updated Letter of Expectations to reflect your recent discussion with the Chair. The Ministry will provide you with this in April.



11 April 2022

OC220227

Hon Michael Wood
Minister of Transport

MEETING WITH CLEVE CAMERON, BIG STREET BIKERS

Snapshot

Cleve Cameron is a co-founder of Big Street Bikers - a company that aims to get New Zealanders out of their cars and onto electric or manual bikes. Cleve is wanting to discuss:

- The progress of the Locky Dock Network, including their partnership with Waka Kotahi New Zealand Transport Agency (Waka Kotahi).
- s 9(2)(b)(ii), s 9(2)(ba)(i), s 9(2)(j)
- s 9(2)(b)(ii), s 9(2)(ba)(i), s 9(2)(j)
- How Big Street Bikers can support transport in the upcoming Emissions Reduction Plan (ERP).

Time and date	10.30am, 13 April 2022
Venue	EW 4.1
Attendees	Cleve Cameron, co-founder of Big Street Bikers
Officials attending	Ewan Delany, Manager, Environment, Emissions and Adaptation Daisy Cadigan, Adviser, Environment, Emissions and Adaptation
Talking points	Talking points are attached at annex one

Contacts

Name	Telephone	First contact
Ewan Delany, Manager, Environment, Emissions and Adaptation	s 9(2)(a)	✓
Daisy Cadigan, Adviser, Environment, Emissions and Adaptation	s 9(2)(a)	

MEETING WITH CLEVE CAMERON, BIG STREET BIKERS

Big Street Bikers seeks to increase the uptake and visibility of e-bikes

- 1 Cleve Cameron, Andrew Charlesworth and Matt Weavers founded Big Street Bikers in 2017, with a goal to make environmental change accessible and desirable to everyone.
- 2 Big Street Bikers have partnered with Auckland Transport to offer free guides to help companies teach their staff to navigate Auckland's Cycle Paths. It offers electric bike (e-bike) fleet leasing packages to businesses, and guidance about the Waka Kotahi public sector e-bike scheme.
- 3 Big Street Bikers have previously offered an e-bike rent-to-own scheme at a cost from \$30 a week, but we are not aware of the outcome of this scheme or whether it is still being offered. It would be good to find out more about the successes and lessons learned from this scheme to inform possible future support for e-bikes.

Big Street Bikers have launched secure e-bike parking and charging facilities in Wellington, Auckland and Christchurch

- 4 Big Street Bikers launched "Locky Docks" five years ago in Christchurch. These are e-bike docking stations, complete with secure locking devices and solar-powered charging. Big Street Bikers have expanded stations to Auckland and Wellington with plans to establish 150 Locky Docks across the country.
- 5 Big Street Bikers has a media partnership agreement with Waka Kotahi for the Locky Dock Network, signed in December 2021. Waka Kotahi uses the media agency OMD Worldwide to purchase advertising space as an intermediary with Big Street Bikers. It delivers advertising slots for Waka Kotahi messaging on the Locky Docks Network's digital signage.
- 6 Big Street Bikers are working with the Waka Kotahi advertising team to develop messages or concepts using the dynamic nature of the screens on the Locky Docks to update messages as required. For example, ads are currently running highlighting the half price public transport fares. Waka Kotahi has provided access to some sites for placement of docking stations and is providing some strategic support to their network development.
- 7 Extending Big Street Biker's contract with Waka Kotahi is yet to be confirmed or discussed. Its plans to expand the network would not be considered until Waka Kotahi is confident of the success with the current relationship upon a review.
s 9(2)(b)(ii)
 There will need to be analysis on the reach and effectiveness of the Locky Dock Network as an advertising channel before continuing this partnership.
- 8 You have spoken at two Big Street Bikers Locky Dock events; one in December 2020 and then again in September 2021 for the launch of the first Locky Dock in Wellington on Willis Street.

- 9 Cleve Cameron wishes to update you on the Locky Dock rollout and their partnership with Waka Kotahi, as well as Mercury, Warehouse Group, universities and Hutt City Council.

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

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

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

- [REDACTED]

- 19 s 9(2)(g)(i) [REDACTED]

20

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

[REDACTED]

21

[budget sensitive] s 9(2)(f)(iv)

[REDACTED]

22

s 9(2)(g)(i)

[REDACTED]

23

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

[REDACTED]

Consultation

24

Waka Kotahi were consulted on this briefing and provided some of the material above.

Biography: Cleve Cameron

Cleve Cameron has a background in advertising for a variety of big-name companies. He founded Big Street Bikers with Andrew Charlesworth and Matt Weavers in 2017. Their goal is to increase accessibility to active transport and mode shift.




Big Street Bikers received the prize of first-runner up for the Waka Kotahi NZ Transport Agency "Shifting the Dial Award" for 2021 (April 2021) and the 'Innovative Thinker' award from Auckland Transport.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Annex 1: Talking Points

MEETING WITH CLEVE CAMERON, BIG STREET BIKERS

- Big Street Bikers want to know what they can do to support the ERP:
 - The Locky Dock network of safe, secure, highly visible docking stations makes choosing low-carbon travel easier. Continuing to grow the network and aligning locations with cycleway networks as they grow would be an ideal support for the Emissions Reduction Plan.
 - As the Government looks to support a significant increase in cycling, Big Street Bikers can provide valuable insights from the pioneering projects it is trialing.
 - Big Street Bikers is well placed to support messaging requirements of the ERP with highly visible digital signage that can be quickly updated with messages to the public.
- What was the outcome or lessons learnt of the rent-to-own scheme Big Street Bikers undertook?
- What insights do Big Street Bikers have into the e-bike supply shortage, and when do they expect it to subside? What can we do about it here?
- s 9(2)(b)(iii), s 9(2)(ba)(i), s 9(2)(j)

- What types of support are Big Street Bikers most in need of to scale up their work?
- What have been the successes and lessons learnt from the roll-out of Locky Docks?



13 April 2022

OC220012

Hon Michael Wood

Minister of Transport

CC: Hon Dr Megan Woods

Minister of Housing

WORK WITH TE RŪNANGA O NGĀI TAHU ON NEW HOUSING DEVELOPMENTS WITH SHARED TRANSPORT

Purpose

Inform you of work the Ministry has started with Te Rūnanga o Ngāi Tahu via Ngāi Tahu Holdings Corporation Limited (Ngāi Tahu Holdings)

Key points

- The Ministry and Te Rūnanga o Ngāi Tahu are working to demonstrate the feasibility of new housing developments that incorporate shared transport options to incentivise reduced private vehicle ownership.
- Housing developments with shared transport could encourage lifestyle and cultural changes needed to reduce private vehicle ownership, and consequentially reduce transport emissions.
- The initial output will be a feasibility study to develop an optimal model(s) of how shared transport can best be incorporated into new housing developments around New Zealand. We issued an RFP for a supplier on 4 April 2022 and aim to complete the feasibility study around September 2022.
- Other agencies including Waka Kotahi – NZ Transport Agency, Te Tūapapa Kura Kāinga – Ministry of Housing and Urban Development, Te Tari Tiaki Pūngao – Energy Efficiency and Conservation Authority are participating on a steering group that will oversee the development of the feasibility study.
- There are no commitments for funding beyond the feasibility study. The future direction of this work will be informed by the feasibility study outcome. Your support would be sought before progressing further, especially if other sources of government funding are required.
- We will keep you updated on progress through your weekly report.

Recommendation

We recommend you:

1 **advise** if you would like to discuss the work in more detail.

Yes / No



Richard Cross
**Manager, Strategic Policy and
 Innovation**

13 / 04 / 2022

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
Richard Cross, Manager, Strategic Policy and Innovation	s 9(2)(a)	✓
Liz Hopgood, Adviser, Strategic Policy and Innovation	s 9(2)(a)	

WORK WITH TE RŪNANGA O NGĀI TAHU ON NEW HOUSING DEVELOPMENTS WITH SHARED TRANSPORT

This work supports Te Rūnanga o Ngāi Tahu aspirations, the Ministry's transport outcomes and wider Government priorities

- 1 Te Rūnanga o Ngāi Tahu and the Ministry have been in discussions since late-2021 around working to demonstrate the feasibility of housing developments that incorporate shared transport options for residents. We previously advised you of this through the weekly report.
- 2 Ngāi Tahu Holdings is the investment arm of Te Rūnanga o Ngāi Tahu. Its commercial operations include farming, property, seafood, and tourism. It has residential developments in Christchurch, Auckland and Queenstown, and commercial developments throughout the South Island including some leased to the Crown.
- 3 Te Rūnanga o Ngāi Tahu strives to lead the way in sustainable property development and take an intergenerational approach to business. Te Rūnanga o Ngāi Tahu views the private car ownership culture in New Zealand as unsustainable and aims to change this to meet climate change goals and create better social outcomes. This will require effort from iwi, local and central Government, business, and all New Zealanders.
- 4 Ngāi Tahu Holdings on behalf of Te Rūnanga o Ngāi Tahu, with Te Tūapapa Kura Kāinga – Ministry of Housing and Urban Development, is building a high-density 300-unit development in Queenstown called *Te Pā Tāhuna*. One third of the units will be available to people who qualify for KiwiBuild.
- 5 Te Rūnanga o Ngāi Tahu is currently looking into introducing shared electric vehicles into *Te Pā Tāhuna* and is actively seeking funding for this project (separate from the work we are discussing here).
- 6 Promoting more sustainable housing developments will be a critical element to achieve the Government's Emissions Reductions Plan target of a 20% reduction in Vehicle Kilometres Travelled by 2035.
- 7 This work supports the Government priorities of addressing climate change, supporting wellbeing, and the transport outcomes of inclusive access, healthy and safe people, and environmental sustainability.

Housing developments with shared transport could be the future for New Zealand communities

- 8 Housing developments with shared transport including electric cars, scooters, and bikes are growing in popularity around the world. These developments reduce emissions and congestion and promote inclusive access and liveability.
- 9 There are already several completed housing developments in New Zealand with shared transport provided for residents, including:

- *26 Aroha* (Sandringham, Auckland) - a 13-unit development with one electric car and electric scooters.
 - *Rethinking Space* (Panmure, Auckland) - a 46-unit development with five electric cars and no carparks for further vehicles.
 - *Ōtautahi Community Housing* (Sydenham, Christchurch) - the 90-unit public housing complex has introduced two electric cars and five electric bikes that are subsidised for residents.
- 10 Widespread acceptance of housing developments with shared transport in New Zealand requires cultural and lifestyle changes for New Zealanders. Insight into and strategies to overcome these barriers could help create long lasting social and environmental benefits.
 - 11 More research and evidence are needed on how shared transport can be incorporated into housing developments and communities in New Zealand and what impacts this would have. This work could provide the groundwork for more housing developments with shared transport to be implemented around New Zealand in the future.
 - 12 The feasibility study will form a new knowledge base on housing developments with shared transport that can be used New Zealand-wide by both public and private enterprises.

The initial feasibility study will inform future work

- 13 The Ministry is funding a feasibility study to develop an optimal model(s) of how shared transport options (e.g. shared electric cars, scooters, and bikes) can be incorporated into new housing developments around New Zealand.
- 14 The feasibility study will explore how transport options may be incorporated into new housing developments, and how different funding and delivery models could be used to procure, manage, and charge for those services. This will include the broad financial feasibility for developers, the costs of establishing shared schemes, cost a location, any barriers and impediments to the scheme, and any potential regulatory changes.
- 15 We have a budget of \$200,000 to fund the feasibility study. The Ministry's usual procurement processes are being followed. We aim for the feasibility study to be completed by September 2022, when we will work with Ngāi Tahu Holdings to decide on the direction of any further work.
- 16 The feasibility study may show that housing developments with shared transport are not economically viable without extra funding and that there is a case for some form of government funding. The case for government funding, and other potential funding sources, could be explored further once the feasibility study is completed.
- 17 A steering group has been established and the Terms of Reference and Memorandum of Understanding have already been drafted. The Steering Group members are:

- Te Rūnanga o Ngāi Tahu
- Ngāi Tahu Holdings
- The Ministry
- Te Tūapapa Kura Kāinga – Ministry of Housing and Development
- Te Tari Tiaki Pūngao – Energy Efficiency and Conservation Authority
- Kāinga Ora – Homes and Communities
- Queenstown Lakes District Council

We are comfortable that any risks can be mitigated

- 18 This is a new and innovative way of working with iwi for the Ministry, and there is a risk that stakeholders may question the rationale and approach we are taking. We are comfortable that this can be mitigated, as we expect broad policy benefits from the work and there is no direct investment into a property development or any risk sharing with Te Rūnanga o Ngāi Tahu.
- 19 This is a new area of research that could result in long-term social, environmental, and economic benefits for New Zealand. We have made it clear to Ngāi Tahu Holdings that there is no guaranteed financial support from the Government beyond the initial feasibility study, and that working with Te Rūnanga o Ngāi Tahu does not preclude us from entering similar work programmes with other parties if there was a strong public policy rationale.



13 April 2022

OC220234

Hon Michael Wood
Minister of Transport

MEETING WITH THE CIVIL AVIATION AUTHORITY CHAIR AND CHIEF EXECUTIVE – 20 APRIL 2022

Snapshot

You are meeting with the Civil Aviation Authority (the Authority / entity) Chair and Chief Executive on 20 April 2022. To support you in your meeting, the Ministry of Transport has provided comments and suggested talking points on the proposed agenda items.

Time and date	2.00pm – 2.30pm, 20 April 2022
Venue	EW4.1, Parliament
Attendees	Janice Fredric, CAA Chair Keith Manch, CAA Chief Executive and Director
Officials attending	Allan Prangnell, Deputy Chief Executive, System Performance & Governance Chris Jones, Acting Manager, Governance Alex Beedell, Senior Adviser, Governance
Agenda	<ol style="list-style-type: none"> 1. Letter of Expectations and 2. Budget Outcomes (paragraphs 6 - 12) 3. YourView survey outcomes (paragraphs 13 - 18) 4. Part 102 Unmanned Aerial Vehicles Update (paragraphs 19 - 21) 5. Reserves (paragraphs 22 - 23) 6. Regulatory Strategy (paragraphs 24 - 28) 7. Authority Funding Review Update (paragraph 29)

Contacts

Name	Telephone	First contact
Allan Prangnell, Deputy Chief Executive, System Performance & Governance	s 9(2)(a)	
Chris Jones, Acting Manager, Governance		✓
Alex Beedell, Senior Adviser, Governance		

Meeting with the Civil Aviation Authority Chair and Chief Executive – 20 April 2022

Key points

- You are meeting with Janice Fredric (Chair) and Keith Manch (Chief Executive and Director) of the Authority on 20 April 2022. At your last meeting with the Authority on 3 March 2022, you discussed the following agenda items:
 - The Authority's work during Omicron
 - Quarterly report for the period ending 31 December 2021
 - Emissions Reduction Plan and Carbon Neutral Government Programme (CNGP)
 - Updated forecasting - at the time, the Authority was '*cautiously optimistic*' that the Liquidity Fund would be sufficient for the remainder of the 2021/22 year if activity remained at 3 percent of pre-COVID international passenger volumes, and 40-45 percent of domestic passenger volumes. s 9(2)(f)(iv)
- Te Kāhano update – the culture change programme began its transition into BAU in February 2022.
- This is the second of your regular meetings with the CAA Chair and Chief Executive this calendar year. The Authority provided its meeting advice to you on 13 April 2022.
- The meeting is an opportunity for you to discuss the ongoing impact of the pandemic on the Authority's deliverables in 2021/22 and the effects on the wider aviation sector. Suggested talking points are provided for your consideration in blue boxes.

It is likely that the Chair and Chief Executive will raise two items that are not included in the Authority's meeting advice

Your expectations following Budget 2022 outcomes

s 9(2)(f)(iv)

2. As your next meeting with the Chair and Chief Executive is 14 June 2022, we suggest that you use this meeting to outline your expectations for the Authority in 2022/23 when responding to your Letter of Expectations and Government priorities. This will enable the entity to complete its business planning.

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

Your thoughts on proposed interviewees for the Board's sixth member position and options to strengthen diversity in the short to medium-term

4. The Chair and Ministry agree that the Board's diversity needs to be strengthened, however, we recommend that this is addressed *after* the current appointment round for the sixth member is complete. This approach would enable the Authority to obtain the ICT and technology expertise it requires to effectively implement new regulatory software, EMPIC.
5. In earlier advice (briefing OC220127 refers), the Ministry provided you with three options to strengthen the Board's diversity over the short to medium-term. You may wish to discuss the following options with the Chair:

s 9(2)(g)(i)

- **Option two:** appoint a Future Director in 2023
- **Option three:** appoint a seventh member in 2022.

Agenda Items

Items one and two: Letter of Expectations and Budget outcomes

6. In your Letter of Expectations for 2022/23 you noted your expectation that, irrespective of Budget 2022 outcomes, the Authority should:
 - 6.1 continue to implement the Civil Aviation Bill
 - 6.2 maintain resilience and security activities
 - 6.3 respond appropriately to the Government's climate change commitments
 - 6.4 proactively focus on emerging aviation technologies and the implications for the aviation system, by continuing:
 - work to reduce the backlog of Civil Aviation Rule Part 102 Unmanned Aircraft Operator Certifications (Part 102)
 - sector engagement with the domestic sector, and the Authority's international partners
 - collaboration with government agencies including the Ministry and MBIE.
7. At the time of writing, the Ministry is expected to confirm Budget 2022 outcomes (in-confidence) with the Authority in advance of your meeting. We will confirm with your office if/when this discussion has taken place.

8. As your next scheduled meeting with the Chair and Chief Executive is on 14 June 2022, we suggest using this meeting to discuss your expectations and priorities for the Authority in 2022/23 (with reference to your Letter of Expectations and Government priorities) so that the entity can complete its business planning. *Figure one* below is provided to support your discussion.

Figure one: Budget 2022 outcomes for aviation bids

Budget bid	Objective	Outcome
Extension of Government funding to deliver minimum aviation safety and security functions	Extend the liquidity facility s 9(2)(f)(iv) to enable the Authority to deliver minimum aviation safety and security functions in 2022/23 s 9(2)(f)(iv)	Partially successful , funding for 2022/23 secured s 9(2)(f)(iv)
s 9(2)(f)(iv)	s 9(2)(f)(iv)	Unsuccessful
Supporting Implementation of Initiatives Detailed in the Enabling Drone Integration (EDI) Package	Enable the Authority to meet capacity requirements that would support the development, and regulation, of emerging aviation technologies by securing 13.5 new FTEs and \$1.75 million capital funding for the implementation of new digital systems	Successful – Budget 2022 will fund the implementation of the package of measures outlined in Cabinet paper <i>Enabling Drone Integration: Regulatory changes to progress unmanned aircraft integration</i> , to ensure that unmanned aircraft policies and regulation are fit-for-purpose, enabling the integration of drones into the aviation system.
s 9(2)(f)(iv)		Unsuccessful

9. In 2020, an independent value for money review found that the Authority was operating at 'below optimal levels for it to effectively carry out its core regulatory functions' and recommended the recruitment of 29 additional FTEs. In response to constrained resources and finances in 2021/22, the Authority prioritised the delivery of its core regulatory functions (BAU) resulting in non-discretionary workstreams (such as the funding review) being delayed. However, there remains pressure on the workforce to deliver both core functions and "non-discretionary" workstreams (as outlined in **Appendix One**).

10. s 9(2)(f)(iv)

To support this discussion, we have detailed the potential impact of Budget 2022 outcomes on non-discretionary workstreams in **Appendix One**.

Suggested talking points for Letter of Expectations and Budget outcomes

- You may wish to outline your expectations of the Authority in 2022/23, with respect to the activities outlined in your Letter of Expectations and Government priorities, and to ask:

s 9(2)(f)(iv)

Item three: YourView survey outcomes

13. To measure the impact of the Te Kāhano change programme, the Authority commissioned four staff surveys over an 18-month period. The results from the most recent of these surveys – in March 2022 – was provided to you on 13 April 2022 as part of the Authority's meeting briefing.
14. The table below details the average scores for the organisation, and its regulatory and safety functions, from three of the most recent surveys:

	March 2022 YourView survey	June 2021 Culture Change Pulse Survey	October 2020 YourView survey
Organisation score	65 percent	62 percent	61 percent
CAA average score	66 percent	68 percent	58 percent
Avsec average score	65 percent	60 percent	62 percent

15. The YourView (March 2022) survey results show that, overall, the Authority has made progress to better its organisational culture following the 2019 Ministerial review into the

Authority's organisational culture. We note that small fluctuations in the results (i.e., a decline of five percentage points or less) should be expected as outputs from Te Kākano are embedded into BAU.

16. Key results from the YourView (March 2022) survey include:

- 16.1 Avsec's average score increased five percentage points from June 2021
- 16.2 The Authority benchmarked *on par* with the State Sector benchmarking figure of 63 percent for *survey participation*
- 16.3 The average *question scores* by group on **page 5 of the results document** ranged between 61 percent (*good* on the Likert scale but an indication that there are *some* areas of potential concern) and 84 percent (*excellent* on the Likert scale)
- 16.4 The comparison *by category* section on **page 6 of the results document** suggests there are some areas that may require further attention: project processes (57 percent), internal communication (60 percent), client focus (61 percent), and technology (62 percent)
- 16.5 Compared with the YourView October 2020 survey, the average score increased across every business group.

17. In accordance with your Letter of Expectations, the Ministry and the Authority are taking a collaborative approach to determine the timing and scope of an independent evaluation of Te Kākano's outputs to assess if:

- 17.1 recommendations from the Organisational Culture Review Final Report have been adequately addressed and embedded within the organisation; and
- 17.2 outputs from the Te Kākano programme have been effective in improving the Authority's culture.

18. We anticipate that the evaluation will commence in October 2022, leaving a seven-month window for Te Kākano to be embedded into BAU before the outputs are assessed.

Suggested talking points for YourView survey outcomes

- You may wish to ask:
 - what information is the Board receiving on Te Kākano's transition into BAU, and how is this being used to make decisions on next steps?
 - what is the Board's assessment of the YourView survey results?
 - the YourView survey recorded an overall organisational score at 65 percent, what does the Board see as a 'good' score?

Item four: Part 102 Unmanned Aerial Vehicles Update

19. At an officials' meeting on 21 March 2022, you asked the Authority to provide regular updates on Part 102 applications through the weekly report.

20. As the technologies explored in Part 102 applications are complex, and it takes time to regulate new technologies, the Ministry suggested to the Authority that it reports to you monthly to show its progression using the following reporting categories:

- 20.1 the number of new applications received
- 20.2 the number of closed applications
- 20.3 the cumulative number of open applications
- 20.4 a distinction between different types of applications and the average time and effort they take to be processed
- 20.5 a clear indication of whether any numbers are 'good' or 'bad' or whether the change in number is 'good' or 'bad'.

21. The Ministry understands that there might be barriers to some of the reporting categories it suggested due to data collection issues. You may wish to confirm what information you would like to see in the Authority's Part 102 reporting, and to ask when you will receive your first update.

Suggested talking points for Part 102 Unmanned Aerial Vehicles Update

- The Chair and Chief Executive may ask you if there is any specific information that you would like to see included in the Part 102 updates.
- You may wish to confirm your expectations for the Authority's Part 102 reporting, and to ask when you will receive your first update.

Item five: Reserves

s 9(2)(f)(iv)

Suggested talking points for Reserves

s 9(2)(f)(iv)

Item six: Regulatory Strategy

24. The Authority's *draft Regulatory Strategy* (the strategy) provided to you on 15 March 2022, contains input from regulatory agencies and key aviation stakeholders.
25. The Ministry has reviewed the strategy and is comfortable with the content. We note a shift towards a more open, trusting and collaborative approach with the sector, to strengthen the Authority's ability to identify and respond to safety and security risks.
26. The strategy sets out the roles and responsibilities for the Authority, the Ministry, and the sector. It also outlines priorities for regulatory change, as well as clear processes to address regulatory risk through a Regulatory Decision-Making Model and a Regulatory Action Plan.
27. In line with your 2021/22 Letter of Expectations, the Authority will publish the strategy by 30 June 2022. Following publication, the strategy will take around three years to implement, with the Authority committing to the continual adjustment of the document in response to its internal and external environments.
28. The Ministry expects future iterations of the strategy to include further information on:
- 28.1 pathways for engagement with Māori in the long-term, as the Authority's maturity in Te Reo and Te Ao Māori develops
 - 28.2 the impact of emerging technologies / innovation on the regulatory space in the short-term, following Budget 2022 outcomes.

Suggested talking points for Regulatory Strategy

- You may wish to acknowledge the Authority's Regulatory Strategy, and ask:
 - how COVID has influenced the strategy?
 - how confident is the Board that aviation sector regulatory risks are being managed during a challenging period for the Authority?
 - if the strategy has identified any high-risk areas that require regulatory reform, or greater focus, to reduce harm in the system?

Item seven: Authority Funding Review Update

29. The Ministry has no comment on the Authority's briefing (provided to you on 13 April 2022) but notes ongoing resourcing constraints may affect the schedule and standard to which the funding review is delivered. The Ministry will work with the Authority to understand the impact of Budget 2022 outcomes on the delivery of the review and report back to you ahead of your next scheduled meeting with the Chair in June 2022.

Suggested talking points for Funding Review Update

- You may wish to ask:

s 9(2)(f)(iv)

○

s 9(2)(f)(iv)

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13 April 2022

OC220251

Hon Michael Wood
Minister of Transport

MEETING WITH THE TRANSPORT ACCIDENT INVESTIGATION COMMISSION'S CHIEF COMMISSIONER AND CHIEF EXECUTIVE – 20 APRIL 2022

Snapshot

You are meeting with the Transport Accident Investigation Commission's (TAIC or the Commission) Chief Commissioner and Chief Executive on 20 April 2022. To support you in your meeting, the Ministry of Transport (the Ministry) has provided discussion items and talking points for your consideration.

TAIC has indicated it would like to discuss recent cases, international issues, organisational matters, s 9(2)(f)(iv). The Ministry has no additional items to suggest for this meeting.

Time and date	2:30-3:00pm, 20 April 2022
Venue	Zoom
Attendees	Jane Meares, Chief Commissioner, TAIC Martin Sawyers, Chief Executive, TAIC Harald Hendel, Chief Investigator of Accidents, TAIC
Officials attending	Allan Prangnell, Deputy Chief Executive, System Performance and Governance Chris Jones, Acting Manager, Governance Jono Reid, Principal Adviser, Governance
Agenda	1. Recent Cases (paragraphs 1-14) 2. Organisational updates (paragraphs 15-26) 3. International Matters (paragraph 27) 4. s 9(2)(f)(iv)

Contacts

Name	Telephone	First contact
Allan Prangnell, Deputy Chief Executive, System Performance and Governance	s 9(2)(a)	
Chris Jones, Acting Manager, Governance		✓
Jono Reid, Principal Adviser, Governance		

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MEETING WITH THE TRANSPORT ACCIDENT INVESTIGATION COMMISSION'S CHIEF COMMISSIONER AND CHIEF EXECUTIVE – 20 APRIL 2022

Key points

- You are meeting with Jane Meares (Chief Commissioner), Martin Sawyers (Chief Executive) and Harald Hendel (Chief Investigator of Accidents) from TAIC on 20 April 2022. Your last scheduled meeting with TAIC's Chief Commissioner and Chief Executive was on 21 February 2022.

Item One: Recent Cases

- TAIC would like to update you on three recent cases: the finalisation of the Panama Maritime Authority's Report into the sinking of *Gulf Livestock 1*, a Preliminary Report recommending urgent safety changes on commercial hot air balloons, and its recently opened inquiry into the sinking of the *Enchanter* in March 2022.

Gulf Livestock 1 report

- On 1 April 2022, TAIC provided your office with a copy of the Panama Maritime Authority's final report into the sinking of *Gulf Livestock 1* in September 2020 during Typhoon Maysak. Forty of the 43 crew members were unaccounted for following the accident, including two New Zealanders.
- Under international protocols, investigations into accidents on the high seas fall to a vessel's flag state (*Gulf Livestock 1* was registered to Panama). TAIC and the Australian Transport Safety Bureau were asked to participate in Panama's investigation as "substantially interested states" due to New Zealand and Australian casualties.
- TAIC's involvement has been limited to the gathering of some evidence in New Zealand, providing that evidence to Panama, as well as providing suggestions on the draft report.

s 6(a), s 6(b), s 9(2)(ba)(i), s 9(2)(g)(i)

Suggested Talking Points

- You may wish to discuss the Commission's perspectives on the report, as well as any engagement the Commission has had with the families of the New Zealander's involved in the accident.

s 6(a), s 6(b), s 9(2)(ba)(i), s 9(2)(g)(i)

TAIC has recently issued a preliminary report following a hot air balloon accident

- 6 Section 9 of the Transport Accident Investigation Commission Act 1990 (the TAIC Act) allows TAIC to issue Preliminary Reports when it identifies transport safety issues that it considers need urgent attention. TAIC provides these reports to relevant parties to the safety issue, and provides the Secretary of Transport with reports when it considers the safety issue has major consequences for transport safety.
- 7 In March 2022, TAIC issued a Preliminary Report into a hot air balloon accident that occurred near Methven on 1 January 2022.¹ During a rough landing, the pilot was ejected from the basket, caught in a rope, and dragged across a farm paddock before the balloon came to rest. The balloon was fitted with a safety restraint harness for the pilot, but the pilot was not wearing it and suffered serious injuries.
- 8 Civil Aviation Rules currently exempt balloon pilots from wearing restraint harnesses during landing. This accident, as well as a 2021 occurrence of a balloon pilot being ejected from their basket during landing,² has prompted TAIC to make the urgent recommendation that: *“the Director of Civil Aviation take prompt steps to mandate the wearing of pilot restraint harnesses during critical phases of commercial balloon flights.”*

s 9(2)(f)(iv)

TAIC's only new inquiry since your last meeting is into the sinking of the Enchanter Fishing Vessel

- 10 This accident occurred off North Cape on 20 March 2022. The accident claimed five lives, with the remaining five members onboard being rescued.
- 11 TAIC is one of three government agencies conducting inquiries into this accident – the other two are WorkSafe and Maritime NZ. When this occurs, TAIC is the lead organisation as per section 14(1) of the TAIC Act.

Suggested Talking Points

- You may wish to explore how TAIC interacts with other regulators within New Zealand, when multiple inquiries or investigations are conducted on one accident.

¹ <https://www.taic.org.nz/inquiry/ao-2022-001>

² <https://www.taic.org.nz/inquiry/ao-2021-001>

TAIC has also closed two domestic inquiries since your last meeting

- 12 The first closed inquiry relates to a level crossing collision with a truck in Waimakariri in February 2020. The flashing lights and warning bells were activated, and the truck had slowed down on approach to the crossing. However, the truck did not stop.
- 13 Driver distraction was considered a very likely factor³ in the accident occurring. No new recommendations were issued through this report; however, TAIC's report references other open recommendations related to this inquiry. Safety at level crossings also remains an item on TAIC's *Watchlist*.
- 14 The second inquiry related to a fatal Pacific Aerospace Cresco aircraft accident, which crashed during topdressing operations in the Wairarapa in April 2020. The accident occurred after the pilot took a different direction to previous flightpaths. Due to a lack of evidence, the reason for the aeroplane's deviation from the normal flight path could not be determined conclusively. No new safety issues or recommendations were identified through this inquiry.

Item Two: Operational Updates

s 9(2)(f)(iv)

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³ 'Very likely' in TAIC reports is defined as having a >90% chance of occurring.

s 9(2)(f)(iv)

Suggested Talking Points

s 9(2)(f)(iv)

TAIC has also recently commissioned a staff engagement survey

- 23 TAIC will also provide you with an update on its latest staff engagement survey. We understand this includes increased positive results regarding workplace culture.

s 9(2)(f)(iv)

s 9(2)(f)(iv)

Items Three: International Matters

27 TAIC intends to update you on current and upcoming international engagements. This includes:

27.1 the Chief Commissioner and Chief Executive attending the upcoming International Transport Safety Association (ITSA) meeting in Helsinki, Finland in June. This will be the first in-person meeting for ITSA members since the arrival of COVID-19

27.2 work with the International Maritime Organisation on pilot ladders

27.3 agreement with the Ministry of Foreign Affairs and Trade to deploy two investigators to the Cook Islands to provide advice and support.

s 9(2)(f)(iv), s 9(2)(g)(i)

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s 9(2)(f)(iv), s 9(2)(g)(i)

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s 9(2)(f)(iv), s 9(2)(g)(i)



20 April 2022

OC220209

Hon Michael Wood

Action required by:

Minister of Transport

Tuesday, 3 May 2022

BUDGET ECONOMIC AND FISCAL UPDATE 2022 - FORECAST OF NATIONAL LAND TRANSPORT FUND REVENUE

Purpose

To update you on the 2022 Budget Economic and Fiscal Update (BEFU 2022) forecast for the National Land Transport Fund (NLTF), compared to the 2021 Half Year Economic and Fiscal Update (HYEFU 2021)

Key points

Table 1: Forecast revenue for the 2021-24 National Land Transport Programme (NLTP 2021).

Financial Year	HYEFU 2021	BEFU 2022	Difference	
	(\$ million)	(\$ million)	(\$ million)	(%)
2021/22	4,244	3,833	-411	-9.7
2022/23	4,404	3,999	-405	-9.2
2023/24	4,524	4,414	-110	-2.4
Total	13,172	12,246	-926	-7.0

- The inclusion of a 25 cent per litre reduction in fuel excise duty (FED), modelled across April to August 2022 reduces expected FED revenue in the 2021/22 financial year by 16.4 percent and 10.4 percent in the 2022/23 financial year.
- The equivalent reduction in all road user charges (RUC) rates, modelled across July to November 2022 contributes to a fall in expected RUC revenue for the 2022/23 financial year of 9.5 percent.
- This forecast does not include the financial support approved by Cabinet to cover lost revenue due to FED and RUC reductions.¹
- Year-to-date actual FED revenue has been significantly lower than the HYEFU 2021 forecast. A large portion of this is due to COVID-19 travel restrictions. However, since moving to the COVID-19 Protection Framework we are still observing a reduction in travel.

¹ CAB-22-MIN-0073

Recommendations

We recommend you:

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

Yes / No



 Marian Willberg
Manager, Demand Management and Revenue
 ..20/04/2022....

 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
Marian Willberg, Manager, Demand Management and Revenue	s 9(2)(a)	✓
Rory Leonard, Senior Adviser, Demand Management and Revenue		

BUDGET ECONOMIC AND FISCAL UPDATE 2022 - 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 the Ministry of Transport to report to the Ministers of Transport and Finance on actual and forecast NLTF revenue and expenditure². This is to ensure that Ministers are aware of NLTF performance, and to ensure that any risks are adequately managed.
- 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. The result of this process is the Half Year Economic and Fiscal Update (HYEFU) in the 2nd quarter of each financial year and the Budget Economic and Fiscal Update (BEFU) in the 4th quarter of each financial year.

Compared to HYEFU 2021, our updated forecasts predict a decrease in NLTF revenue over the short, medium, and long term

- 3 Our forecasts make the following key assumptions:
 - The temporary reduction to FED and RUC rates has been modelled to take effect across April to August 2022 and July to November 2022 respectively, affecting revenue for the 2021/22 and 2022/23 financial years.
 - FED and RUC rates return to pre-discount levels after a five-month period.
 - There are no forecast increases to FED and RUC rates above pre-discount levels. This is consistent with the Government Policy Statement on land transport (GPS 2021), which states there will be no increases in the next three years.
 - There are no further significant travel restrictions due to COVID-19. This is in line with the COVID-19 Protection Framework and Treasury's assumptions and macroeconomic forecasts for this update.
 - The impact of Government's transport decarbonisation policies are excluded. We need to undertake further work before we can reliably include the impact of these policies in our revenue forecasts.
- 4 Table 2 sets out a summary of the forecast revenue flow to the NLTF over the current financial year. Owing to COVID-19 travel restrictions there has been a reduction in travel, reducing NLTF revenue, and in particular fuel excise duty.

² EGI Min (12) 17/4 refers

Table 2: Comparison of forecast NLTF revenue for the 2021/22 financial year.

	HYEFU 2021	BEFU 2022	Difference	
	(\$ million)		(\$ million)	(%)
Road user charges	1,922	1,846	-76	-4.0
Fuel excise duty	2,084	1,742	-342	-16.4
Motor vehicle registration and licensing fees	231	238	7	3.0
Track user charges	8	8	0	0.0
Total	4,244	3,833	-411	-9.7

Note: Columns do not add up due to rounding

- 5 Table 3 shows forecasted revenue for the National Land Transport Programme (NLTP 2021) compared to lower activity class ranges set out in GPS 2021. Compared to HYEFU 2021, we expect increased revenue pressures for the NLTP 2021.

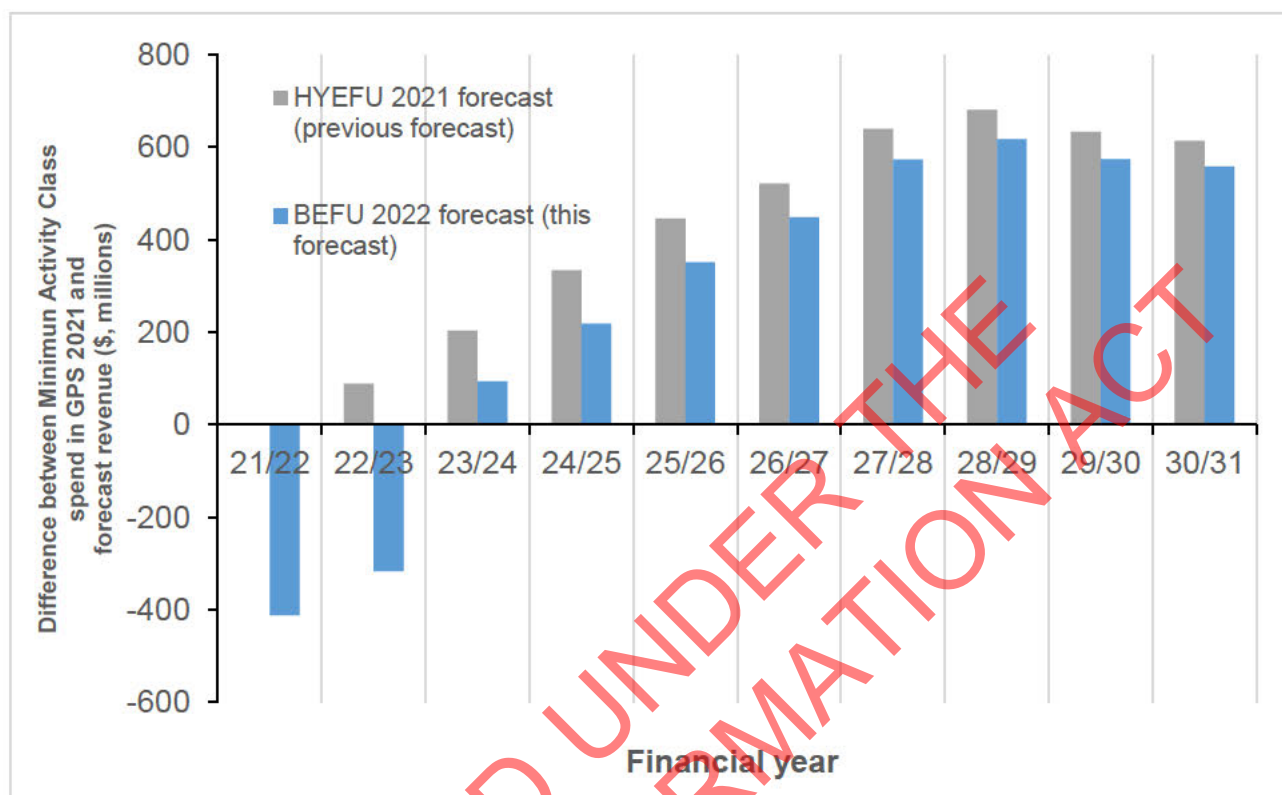
Table 3: Impact of Low, Medium, and High volume NLTF estimates on meeting GPS 2021 Lower Expenditure Ranges throughout the NLTP 2021.

	GPS 2021 Lower Expenditure Range (\$ million)	NLTF Low Scenario (\$ million)	NLTF Medium Scenario (BEFU 2022) (\$ million)	NLTF High Scenario (\$ million)
2021/22	4,245	3,805 (-440)	3,833 (-412)	3,862 (-383)
2022/23	4,315	3,917 (-398)	3,998 (-317)	4,082 (-233)
2023/24	4,320	4,316 (-4)	4,414 (+94)	4,515 (+195)
Gap/Flexibility	N/A	(-842) (-6.5%)	(-635) (-4.9%)	(-421) (-3.3%)

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

- 6 Our low volume scenario has a revenue shortfall of \$842 million (compared to the \$42 million of flexibility we forecast last year [refer OC210933]). Likewise, the BEFU 2022 medium and high scenarios have a gap of \$635 million and \$421 million respectively. However, this forecast does not include the financial support approved by Cabinet to cover lost revenue due to the FED and RUC rate reductions announced on 14 March 2022. This support will mitigate a large proportion of the revenue shortfall across the 2021/22 and 2022/23 financial years.
- 7 Across the full 10-year period covered by GPS 2021 we forecast a net reduction in revenue of 3 percent compared to HYEFU 2021. However, BEFU 2022 forecasts exceed GPS 2021 lower bound expenditure ranges in the long term, as shown in figure 1.

Figure 1: Ten-year comparison of GPS 2021 Lower Expenditure Ranges, HYEFU 2021, and BEFU 2022.



- 8 We are working with Waka Kotahi NZ Transport Agency and the Treasury to help understand and assess options to manage pressures on NLTP 2021. We will report to you on this shortly.

We will continue to monitor NLTF revenue and our next forecast will be completed by December 2022

- 9 We will continue to monitor the actual NLTF revenue received on a quarterly basis and we will update you on any immediate issues through the weekly report.
- 10 The next formal NLTF revenue report will be provided to your Office by December 2022 as part of the HYEFU 2022 process. This will advise if there is any significant deviation between actual revenue received and our NLTF revenue forecasts.



Meeting with the Waka Kotahi NZ Transport Agency

Minister of Transport, Hon Michael Wood
Meeting at 1pm on Wednesday, 27 April 2022

22 April 2022

OC220302

Purpose

This aide memoire supports your meeting with Waka Kotahi NZ Transport Agency (Waka Kotahi) on Wednesday 27 April 2022 at 1pm.

Attendance and agenda

Attendees	Sir Brian Roche, Chair, Waka Kotahi NZ Transport Agency Richard May, Chief of Staff, Waka Kotahi NZ Transport Agency
Officials attending	Bronwyn Turley, Deputy Chief Executive, Strategy & Regulatory Design Chris Jones, Acting Manager, Governance Brett Thomson, Principal Adviser, Governance
Agenda	<ol style="list-style-type: none"> 1. Update on strategic matters 2. Ministerial policy priorities. This will enable you to communicate your key priorities over the period ahead of the General Election 3. Performance against the 2021/22 Statement of Performance Expectation (SPE)

Appendices

Talking points are available for your meeting in **Appendix One**.

Contacts

Name	Telephone	First contact
Chris Jones, Acting Manager, Governance	s 9(2)(a)	✓
Brett Thomson, Principal Adviser, Governance		

Agenda item one: Update on strategic matters

You will receive a revised letter of expectations for 2022/23 for your consideration

- 1 The Ministry has been working with Waka Kotahi to revise the draft letter of expectations for 2022/23. This will support improved alignment around key priorities.
- 2 The Ministry recommends you communicate in this meeting your key priorities to Waka Kotahi for the period ahead of the next election. This will help Waka Kotahi focus its priorities within a challenging operating environment.

s 9(2)(f)(iv)

Waka Kotahi's financial outlook is deteriorating

- 5 Waka Kotahi has requested a \$200 million drawdown of the \$2 billion loan approved by Cabinet. Waka Kotahi has indicated that it will be in a deficit cash flow position by May 2022 and this drawdown would support a positive cash flow through to June 2022. The Ministry is expecting a further drawdown request within the next few months.
- 6 Waka Kotahi's projected cashflow for the 2021-24 National Land Transport Programme (NLTP) signals an expected utilisation of the \$2 billion loan, the \$250 million seasonal facility, and the \$250 million shock facility. This will mean the next NLTP period will require rebalancing to support financial sustainability and delivery of key projects.
- 7 Cabinet has approved one-off funding in 2021/22 from Budget 2022 for Waka Kotahi's regulatory function and to cover public transport revenue shortfall in relation to COVID-19. In addition, funding over four years for driver license support has been approved. This funding does *not* address Waka Kotahi's long-term financial sustainability. The Ministry is engaging with Waka Kotahi further on its financial pressures to better understand any impact on delivery.
- 8 The Ministry and Waka Kotahi will work together to brief you on Waka Kotahi's financial outlook in May 2022. This will support a meeting to develop a shared understanding of risks, options, trade-offs, and decisions around long-term financial sustainability.

Waka Kotahi's complex operating environment will require ongoing investment in core capability

- 9 The Ministry provided you a briefing (see OC220066) on 8 April 2022 outlining Waka Kotahi's latest performance update. In this briefing, the Ministry noted Waka Kotahi's extensive work programme, financial pressures, and delivery risks related to people and supply constraints.
- 10 Waka Kotahi is prioritising investment in digital technologies to mitigate risk and improve service delivery, while continuing to build people capability and capacity, to successfully position the organisation to respond to the increasing complex operating environment.
- 11 The Ministry is working with Waka Kotahi on agreeing the scope and timing of a review of its operating costs. This is expected to support a greater understanding of investment to date into core capability and support improving value for money in the future.

Update on key matters relating to the regulatory fees and funding review

- 12 Waka Kotahi has advised the Ministry that initial feedback from a range of industry stakeholders has been constructive and encouraging to date. The consultation period ends on 13 May 2022.
- 13 Waka Kotahi has advised you of one material error relating to the consultation document where some proposed charges were listed as GST exclusive. The consultation document states that all proposed fees and charges are inclusive of GST. The consultation document has been updated and is expected to be communicated to industry stakeholders and made public by the end of April 2022.
- 14 The Ministry and Waka Kotahi are working together to update the timeline to support sufficient time for you to consider proposals.

Agenda item two: Policy priorities for Waka Kotahi

Waka Kotahi plays a key role in supporting the Ministry to develop and implement policy related to the land transport system

- 15 Waka Kotahi has previously indicated that there are constraints in delivering a significant policy work programme and given this, the Ministry suggests that you discuss your policy priorities.
- 16 Some of the key policy priorities are outlined below to assist this discussion.

Environmental outcomes and emissions reductions

- 17 Waka Kotahi will need to balance its effort to support existing legislative functions around state highways and an increasing focus on supporting urban investment in walking, cycling and public transport consistent with the Government Policy Statement on Land Transport (GPS).
- 18 The 2024 GPS is expected to align priorities towards the Emissions Reduction Plan (ERP) and the 2021 GPS amendment will signal in advance the direction intended. Waka Kotahi should begin to reorient investment to maximise the emissions reduction potential of work underway. It should also ensure it is positioned in the future to quantify the emissions implications of projects in the decarbonisation targets the Government has set. The Ministry is planning for the implementation of the ERP and will need to work closely with Waka Kotahi.

Embedding Road to Zero

- 19 Waka Kotahi should continue to implement the recommendations of the Martin Jenkins review on Road Safety Investment and Delivery, including working with Police and the Ministry to strengthen the Road Safety Partnership Programme.
- 20 There have been delays to a number of policy workstreams led by the Ministry, including the road safety penalties review, vehicle safety, motorcycle safety, and strengthening regulation for commercial drivers. While this work is now underway, it will require sustained focus and commitment from the Ministry and Waka Kotahi to progress policy proposals through to implementation.
- 21 Waka Kotahi has indicated the social licence for progressing the Tackling Unsafe Speed package is a key barrier. While it can be challenging to gain public support for key initiatives, we know that aligning speed limits with what is safe and appropriate for the road, combined with effective enforcement (including through increased use of safety cameras), will be crucial to helping reach Road to Zero targets.
- 22 Waka Kotahi should work to progress operational and delivery improvements to the driver licensing testing system with a focus on improving access.

Actively engaging in regulatory stewardship

- 23 Waka Kotahi should prioritise contributing to the regulatory stewardship work undertaken by the Ministry, as this ensures the health of the land transport system to avoid potential regulatory failures.
- 24 As part of this work, Waka Kotahi needs to proactively raise system issues with the Ministry through appropriate channels as they are identified and readily provide data and support as necessary (for example, through the ongoing regulatory systems Act and rule amendment processes).

Implementing the temporary reduction in road user charges

- 25 Waka Kotahi has undertaken steps to ensure that the temporary reduction in road user charges is implemented. More than \$2 million is available to Waka Kotahi to administer the scheme. It is also responsible for ensuring that users receive clear messages about the level of purchasing of reduced rate Road User Charge that it will consider reasonable and monitoring to detect abuse of the scheme. This will include monitoring and reporting on the uptake of the scheme including revenue impacts.

Investment in the rail network

- 26 Waka Kotahi will convene a forum to bring together participants in New Zealand's metro rail system. This will support the implementation of recommendations from the independent review into the Auckland Metro Rail system issues.
- 27 Officials from the Ministry are initiating work on developing the next New Zealand Rail Plan (Rail Plan), following the release of the first Rail Plan in April 2021. The next Rail Plan will be developed, consulted upon, and released at the same time as the next GPS.

Developing a national supply chain strategy

- 28 The Ministry is developing a national freight and supply chain strategy, with an issues paper for public consultation released in April 2022. The strategy will outline pathways forward for freight decarbonisation, resilience, productivity and innovation, and equity and safety. Waka Kotahi will need to plan for its role in implementing the strategy in 2023 and beyond and support ongoing refinement.

Agenda item three: Performance against the 2021/22 SPE

- 29 Waka Kotahi has indicated it would like to update you on progress against the current SPE for 2021/22.

Waka Kotahi has indicated that it expects to complete all 30 significant activities by year-end as planned.

- 30 Waka Kotahi has been working with the Ministry of Transport to support development of the Government's Emissions Reduction Plan (ERP) and position Waka Kotahi to deliver on it when it is released.
- 31 Spatial plans are complete for Wellington-Horowhenua, Queenstown Lakes, and greater Hamilton. Joint work programmes are established and being progressed, including priority development areas for Auckland, Tauranga-Western Bay of Plenty and greater Christchurch.

11 of the 40 significant capital projects are unlikely to meet year-end SPE milestones due to delays and re-scoping

- 32 The list below highlights the projects that are unlikely to meet year-end milestones. Several of these projects have been impacted by COVID-19 restrictions, supply constraints, and cost escalation.

Key areas	Title of significant project	Waka Kotahi comment
Significant State highways	<ul style="list-style-type: none"> Peka Peka to Ōtaki 	<ul style="list-style-type: none"> The current expressway opening date is likely to be in late 2022 / early 2023 with completion early to mid-2023.
Significant investments in Auckland	<ul style="list-style-type: none"> Northern Corridor Improvements 	<ul style="list-style-type: none"> Completion is expected to be delayed until Dec 2023. In the short term the project will see the busway available in April 2022.
Significant investments in Wellington (Let's Get Wellington Moving)	<ul style="list-style-type: none"> Central City and SH1 Walking and Cycling Safer Speed Golden Mile Thorndon Quay & Hutt Road Mass Rapid Transit Strategic Highway Improvements 	<ul style="list-style-type: none"> The programme is focussing on completing the work to identify a preferred option for the transformational programme (mass rapid transit, strategic highway improvements and travel demand management).
Investments in regional connections	<ul style="list-style-type: none"> Mt Messenger Bypass 	<ul style="list-style-type: none"> A protracted legal issue involving the Environment Court and one landowner has caused delays. In the last judgement the Environment Court supported the Waka Kotahi view, which means construction activity can commence

Key areas	Title of significant project	Waka Kotahi comment
New Zealand Upgrade Programme – Transport	<ul style="list-style-type: none"> • SH1/29 Intersection Improvements • SH2 Melling Efficiency & Safety Improvements • Rolleston Access Improvements 	<ul style="list-style-type: none"> • Ten of the 18 significant capital projects are on track. • Cost escalation and supply chain disruptions are the major contributors to the declining outlook. • The programme is entering an intense phase of submissions including ministerial briefings.

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Appendix One – Talking points to support your meeting with Waka Kotahi

Item	Talking Points
Strategic update	<p>Financial sustainability</p> <p>I would like to understand risks, trade-offs, and options regarding your medium and long-term financial sustainability. Can you please work with the Ministry to brief me and be prepared to discuss in our next meeting?</p> <p>Waka Kotahi's capability</p> <p>I understand your operating environment has become increasingly complex. What further investment in Waka Kotahi's capability is required to position the organisation successfully to respond to this complexity?</p> <p>s 9(2)(f)(iv)</p>
Ministerial policy priorities	<p>Ministerial policy priorities ahead of the next General Election</p> <p>I acknowledge the constraints and challenges facing Waka Kotahi, so would like to understand the trade-offs that the Board is having to make and discuss my policy priorities.</p> <p>Policy support and resource</p> <p>I encourage Waka Kotahi to consider how it can best support the Ministry on delivering on my policy priorities.</p>
Performance against 2021/22 SPE	<p>With the COVID-19 operating environment improving within New Zealand:</p> <ul style="list-style-type: none"> • what areas of opportunity have you identified for advancing significant projects? • what are the key challenges, risks and constraints to successfully delivering significant projects on time and within budget?