

OC230605

26 July 2023

Tēnā koe

I refer to your email dated 3 July 2023, requesting the following under the Official Information Act 1982 (the Act):

- "The May 24, 2023 document "Quarterly report on implementation of the Emissions Reduction Plan transport chapter actions – January-March 2023", reference number OC230365
- The May 25, 2023 document "Subnational VKT Reduction Targets for Tier 1 Urban Areas Cabinet Paper"
- The May 26, 2023 document "National VKT Reduction Plan and Urban Programmes Revised Plan and Update", reference number OC230448 / BRI-2770"

Of the three documents requested, one is released with some information withheld and two are withheld in full.

Certain information and full documents are withheld under the following sections of the Act:

9(2)(a) to protect the privacy of natural persons 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

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

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

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

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

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Hilary Penman Manager, Ministerial Services

Annex 1 – Document Schedule

Doc #	Reference	Document	Decision on release
1	OC230365	Quarterly Report on Implementation Progress of the Emissions Reduction Plan Transport Chapter Actions - January-March 2023	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
2	OC230447	Sub-National VKT Reduction Targets for Tier 1 Urban Areas Cabinet paper	Withheld in full under Section 9(2)(f)(iv).
3	OC230448 BRI-2770	National VKT Reduction Plan and Urban Programmes - Revised Plan and Update	Withheld in full under Section 9(2)(f)(iv).



OC230365

23 May 2023

Hon Michael Wood Minister of Transport Action required by: Thursday, 8 June 2023

QUARTERLY REPORT ON IMPLEMENTATION PROGRESS OF THE EMISSIONS REDUCTION PLAN TRANSPORT CHAPTER ACTIONS JANUARY-MARCH 2023

Purpose

This briefing updates you on implementation progress and risks related to the transport chapter commitments of the Emissions Reduction Plan for the period January-March 2023 and signals the priorities for the next quarter. This quarterly report also outlines our progress in developing a wider performance story for emissions reductions in the transport sector.

Key points

- Good progress has occurred across the transport emissions portfolio over the January-March 2023 quarter. Across your key priority areas, most delivery milestones are on track. The number of red initiatives have decreased across all focus areas from 14 in the previous quarter to 8 in this quarter. This is partially due to five initiatives being recategorised to black because they are discontinued, or to amber as the overall timeframes may still be met despite some milestones slipping.
- During the quarter, the Government decided to discontinue several transport initiatives which has impacted our confidence of meeting the current and future emissions budgets. The Climate Change Chief Executive Board (IEB) has examined whether existing policies could be ramped up or new policies could be implemented to increase the expected emissions reduction to the original level anticipated when the Emissions Reduction Plan was released but has not yet identified any that would deliver significant abatement in the Emissions Budget 1 (EB1) period. More advice on this issue will be provided to Ministers in May 2023.
- The key challenge for delivery remains inadequate resourcing. Most of the initiatives with a red status are unfunded, or progress has been delayed due to lack of resourcing. Funding uncertainty is a risk across all focus areas and the funding required for the scale of the transport transformation is significant.
- In addition to providing you with regular updates on delivery progress of transport chapter initiatives, we are improving how we use appraisals, monitoring and evaluation in order to provide you with a transparent and cohesive picture on whether the right outputs are delivering the desired outcomes and impacts effectively. Delivering these improvements while managing business as usual activities takes time, but we will continue to provide updates on our progress in future quarterly reports.

Recommendations

We recommend you:

- 1 **note** the update on delivery progress and challenges for January-March 2023
- 2 **note** that further advice will be provided to you on the impact of discontinued initiatives in relation to emissions reduction and equity
- 3 **note** the improvements underway in relation to using appraisals, monitoring and evaluation to improve our understanding of the impact of ERP initiatives

× 1982 Wadu Hon Michael Wood Genevieve Woodall Manager, Emissions Programme Minister of Transport Office, Ministry of Transport 24/05/2023 ⊂d □ Seen by Minister □ Overtaken by events Minister's office to complete: □ Declined □ Not seen by Minister Comments Contacts Name Telephone First contact Geneyteve Woodall, Manager, Emissions Programme s 9(2)(a) ✓ Office Ella Sparrow, Senior Adviser, Emissions Programme Office

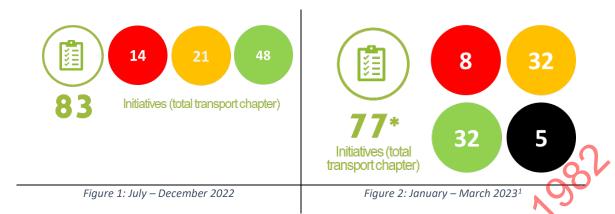
QUARTERLY REPORT ON IMPLEMENTATION PROGRESS OF THE EMISSIONS REDUCTION PLAN TRANSPORT CHAPTER ACTIONS: JANUARY-MARCH 2023

Background

- 1 Te Manatū Waka Ministry of Transport (Te Manatū Waka) delivered you the first quarterly report on implementation progress of the Emissions Reduction Plan (ERP1) transport chapter actions in February 2023 (OC230000 refers). This updated you on the implementation progress and risks for the period July-December 2022 and signalled the priorities for the next quarter.
- 2 The first six-monthly all of government progress report on ERP1 was prepared by the Climate Change Chief Executives Board (IEB) for the Climate Response Ministerial Group (CRMG) also in February 2023.
- 3 Both reports indicated that work was well underway to deliver the most significant transport initiatives set out in the plan. Resourcing and funding constraints were identified as the key risks to implementation and meeting the ERP timeframes.
- 4 Since the information in both reports was finalised, the context of the ERP1 work programme has changed significantly. The Government is focused on reducing cost of living pressures, which has resulted in decisions to rescope or delay key ERP1 initiatives. Additionally, Cyclone Gabrielle has increased the priority of climate adaptation policies which has also heightened attention on the delivery of the most critical actions for emissions reductions.
- 5 This second quarterly report (January-March 2023) updates you on the delivery performance of the transport initiatives using the same RAG-rating format and also provides an update on how we are using appraisals, monitoring and evaluation to provide a transparent and cohesive picture of whether the right outputs are being delivered efficiently to deliver the desired outcomes.

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Section 1: Delivery progress across the programme



Programme wide delivery update

We have redefined our RAG rating system so initiatives can be consistently reported and interpreted

- 6 We have made a concerted effort in recent months to improve how 'red-amber-green' (RAG) ratings are determined so that the ratings are consistent and meaningful. Notably, we have added a black rating to indicate initiatives that have been discontinued due to Ministerial decision or because they have not received funding (refer to Appendix A for full definitions).
- 7 We note that in some cases initiatives have shifted from a green to amber rating in part due to the refined rating system or where more information has become available. Additionally, our previous rating of projects that were inactive was mostly green. This quarter, we have taken a more thorough approach to determine if they are on track and have rated them red, amber, or green accordingly. Consequently, progress ratings on initiatives may appear more severe than previously rated.
- 8 We have consulted with the Secretariat for the IEB ahead of the amendments to the 6-monthly report to ensure alignment between our reporting methodology. Transport agencies have played a key role in assisting with improvements to the next 6-monthly report given the size and complexity of the ERP1 transport chapter.

The new black rating has been applied to five discontinued or unfunded initiatives which may impact our ability to reach emissions targets and deliver on equity

9 During the quarter the Government announced it was discontinuing the Sustainable Biofuels Obligation, Clean Car Upgrade and Social Leasing Scheme. The decision to discontinue the Clean Car Upgrade and Social Leasing Scheme had a flow on effect for Initiative 2.2.3 *Investigate whether further targeted support is required to make low-emissions vehicles more accessible and affordable for other disadvantaged groups and communities* which has also now been discontinued as it was dependent on the results of the trials. These initiatives are now rated black, and the rating will not change in further reporting unless there are relevant Ministerial decision.

¹ For the purpose of reporting on the Decarbonising Transport Action Plan, some initiatives under Focus Area 1 have been grouped. This equates to 77 initiatives (as per the milestone timelines in the DTAP, rather than 83). The combined initiatives are five in relation to congestion charging (under Action 1.3), and the grouping of three initiatives to: deliver major public transport service and infrastructure improvements in Auckland, Wellington and Christchurch under 1.2b3.

- 10 The other black initiative is 1.2c.2 to *support initiatives to increase the uptake of e-bikes* which was not successful in receiving Budget funding.
- 11 The IEB is examining the impact of these discontinued policies on emissions projections and whether any additional initiatives could be ramped up or new policies could be implemented to increase expected emissions reduction from policy interventions. Ministers recently requested that officials update projections to reflect the most-up-date information, and this will be provided at an upcoming CRMG meeting. Transport officials are contributing to this exercise.
- 12 Although the Social Leasing Scheme and Clean Car Upgrade were not expected to contribute significant emissions reductions, the did have a primary focus on targeting equity. As recently signalled in our weekly report (week ending 28 April 2023 refers), we intend to provide you with further advice which outlines what equity focused work is happening across the ERP programme, and how initiatives that are not directly equity focused can be delivered in a way that supports this outcome.

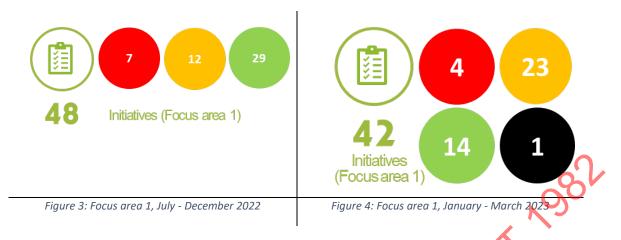
32 initiatives are green and there has been significant progressin a number of areas

- 13 Good progress has occurred against some of the transport ERP commitments this quarter. Key highlights include:
 - 13.1 The EV Charging Strategy was published for public consultation on 22 March 2023.
 - 13.2 The Land Transport Management (Regulation of Public Transport) Amendment Bill was introduced on 16 March 2023, with the first reading on 29 March 2023.
 - 13.3 The Clean Car Standard is operational and vehicle importers are on average overachieving the legislated CO₂ 2023 target (21g/km under the target) set in the Clean Car Standard.
 - 13.4 The national VKT reduction plan and engagement on the urban programmes are progressing well, including ongoing work to refine the draft of the national plan.
 - 13.5 Action to support a major uplift in bus networks across the country and to stabilise the public transport bus driver workforce has continued to progress. There has been a promising decrease in the national bus driver shortfall, which has reduced from about 860 in December 2022 to about 606 in March 2023.

However, there are outstanding resourcing risks that pose a challenge to delivery

14 All eight initiatives with a red status have not been able to be resourced by the responsible agency/agencies and are therefore behind schedule. We also note that many amber rated initiatives have delivery risks associated with resourcing challenges. Additionally, five initiatives are not yet scheduled to start but will require additional resourcing to be progressed. We are considering mitigation plans for these unresourced initiatives (outlined in the following sections as relevant), but funding will be required in order to fill this resourcing gap fully. We will keep you updated on the resourcing challenge in future reports.

Focus area 1: Reduce reliance on cars and support people to walk, cycle and use public transport



Key highlights

- 15 During this quarter:
 - 15.1 Waka Kotahi hosted webinars and surveys with Councils and advocacy groups on the draft revised national mode shift plan ahead of this being provided to you. Engagement with councils got underway on delivering a national plan to increase the safety and attractiveness of cycling and micro-mobility and drafting for a plan on walking has also commenced.
 - 15.2 Detailed design work has been progressed with Environment Canterbury to prepare for the delivery of nationally integrated ticketing for public transport.
 - 15.3 The Transport Choices programme has progressed, with several councils demonstrating confidence in delivery and projects progressing to implementation. Funding Agreements have been finalised for all councils.
 - 15.4 Waka Kotahi has progressed all-party MoUs (with each PTA, bus operator and union). To date, five have been completed (including Auckland and Canterbury), and seven are in progress (including Wellington).
 - 15.5 Waka Kotahi project emissions estimation tool (PEET) was updated to include considerations for climate change which will have positive implications for both emissions reduction and updating measures for resilience. This will help to improve the assessment of enabled and embodied emissions arising from infrastructure activities.

Changes to initiative ratings

16 We note that two initiatives under the action to integrate land use planning, urban development and transport planning were previously classified as red due to resourcing issues. These initiatives were delayed due to staff turnover, however new resource has been allocated to these within the responsible team and engagement with relevant stakeholders has recently commenced. Notably, the initiative to incorporate transport emissions impact assessments into transport plans is back on track to meet respective milestones.

- 17 The initiatives under the action to embed nature-based solutions as part of our response to reducing transport emissions were previously rated red as work on these had not commenced. These have been re categorised as amber because overall timeframes are still likely to be met.
- 18 Initiative 1.2c.2 to *support initiatives to increase the uptake of e-bikes* has been recategorised as discontinued (black) following unsuccessful bids for funding. Although successful trials have taken place through the Waka Kotahi innovation fund, we note that these are relatively small in scale and not sufficient in size to report that we have met the intent of the ERP through the delivery of this initiative.

Red initiatives and mitigations

19 Four initiatives that have a 'red' status sit under Focus area 1:



- 19.1 Initiative 1.2e.4 to investigate opportunities to improve school bus services is red because this work led by the Ministry of Education has been paused. This remains the same as from the previous quarterly report to you. No timeframe was set in the ERP or Decarbonising Transport Action Plan (DTAP), but the work was paused with agreement from the then Minister of Education. We are in discussion with the Ministry of Education to determine how this prioritisation decision was made, and whether they will consider progressing this work again.
- 19.2 Initiative 1.2c.5: Provide support for local government to develop network plans for walking and cycling has not commenced. However, a range of related initiatives are underway, in partnership with councils, to assess existing walking and cycling networks, develop network standards, and model strategic future modal networks. This work will be an input for the urban VKT reduction programmes, which are in development for Tier 1 urban areas.
- 19.3 Initiative 1.2d/1: Incentivise local government to quickly deliver bike/scooter networks, dedicated bus lanes and walking improvements by reallocating street space (including during street renewals) has not progressed as relevant resource has prioritised related initiatives (regulatory changes through reshaping streets as well as Transport Choices). As resource become available, we expect work on this will start to progress.
- 19.4 Initiative 1.2f.1: Work with local government to deliver public transport, cycling and walking improvements in low-socio economic areas and for transport disadvantaged groups (including disabled people) has not progressed due to Te Manatū Waka resourcing issues. We will provide you further advice that will consider equity related issues across the ERP1 which will consider how to address this initiative.

Focus area 2: Rapidly adopt low-emissions vehicles



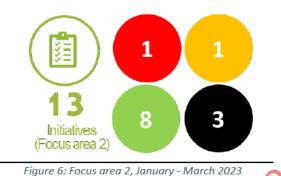


Figure 5: Focus area 2, July - December 2022

Key highlights

20 The Clean Car Discount is operating as business as usual, and we continue to see a higher-than-expected uptake of low emission vehicles. The Clean Car Standard has moved to green over the period as it has become operational, and 2,360 importer accounts have been created and 71,000 vehicles have flowed into accounts. Vehicle importers are on average overachieving the legislated CO₂ target, being 21 g/km under the target as at March 2023.

Changes to initiative ratings

21 One initiative under Focus area 2 is rated amber for this quarter which is to consider further measures needed – from 2027 – to increase the fuel efficiency of the imported fleet and avoid high-emitting vehicles being dumped onto our market. You have considered policy options to progress this initiative ^{s 9(2)(f)(iv)}

Because of this context, we have rated this initiative as amber.

22 As outlined in paragraph nine, the Social Leasing Scheme and Clean Car Upgrade related initiatives are now rated black.

Red initiatives and mitigations

23 One initiative that has a red status sits under Focus area 2:

23.1 Initiative 2.3.3 Review the Electricity (Safety) Regulations 2010 to cover the safety needs associated with charging EVs is red because it is inactive. This initiative is being led by MBIE and WorkSafe. However, MBIE has indicated that this is not currently on their work programme, and that timing of any work in this area would be contingent on MBIE's schedule of regulatory work and associated prioritisation decisions. We are in discussions with MBIE to re-establish a shared understanding of why this initiative is important, and how it might be progressed.

Focus area 3: Begin work now to decarbonise heavy transport and freight





Key highlights

24 Te Manatū Waka and Waka Kotahi successfully held workshops to discuss aspects of the policy design for a Clean Truck Discount scheme, and the public consultation and legislative change needed to accelerate the uptake of zero emission heavy vehicles. We sought your direction on next steps for progressing a simple (rebates only) Clean Truck Discount scheme and based on Ministerial direction have instead progressed an alternative method of providing discounts for zero emission trucks through a fund managed by EECA².

Changes to initiative ratings

- 25 The Sustainable Biofuels Obligation is now rated as black due to the decision to discontinue.
- We noted in the last quarterly report that *all* initiatives to decarbonise aviation and maritime had halted because they were not invited to the next stage of Budget 2023. For that reason, they were rated red. However, over the quarter some progress was able to be made on the maritime related initiatives and as a result they are now rated amber.
- 27 Te Manatū Waka has been focused on meaningfully participating in International Maritime Organization (IMO) negotiations on the adoption of an international strategy to reduce greenhouse gas emissions from ships and seeking to influence the outcome towards the adoption of a high ambition strategy in line with the strategic interests of New Zealand and the Pacific. These negotiations are expected to conclude in July 2023 with the adoption of a strategy that will set an international maritime emissions reduction target and agree at a high level on a suite of measures that states will use to reduce maritime emissions.
- 28 The final form of this IMO strategy will largely determine the content for any national action plan for New Zealand and new targets to reduce maritime emissions, so these ERP initiatives will remain inactive until the second half of 2023. Once the IMO Strategy is adopted, the focus will shift to the development of the Maritime Action Plan and targets, however anticipated resourcing challenges mean these actions are

² As you know, work on the Clean Heavy Vehicle Grant Fund has since been led by MBIE through the Budget process (Vote Business, Science, and Innovation – Energy portfolio) with support from Te Manatū Waka. These arrangements were only established following the January–March 2023 quarter.

rated amber. We are unlikely to deliver fully on what the ERP envisages without additional funding.

Red initiatives and mitigations

- 29 Two initiatives that sit under the actions to decarbonise aviation and maritime remain as red for this quarter. These are:
 - 29.1 Initiative 3.3.3: *Implement a sustainable aviation fuel (SAF) mandate*. MBIE has now indicated that they intend to lead the policy development work for a SAF mandate. We are currently working to clarify the intended timeframes and expected contribution from Te Manatū Waka with MBIE colleagues. Once this has been confirmed, we expect that the RAG rating will be updated.
 - 29.2 Initiative 3.4.3: Undertake research to advance the development and uptake of alternative low- and zero-carbon fuels for shipping in Aotearoa and develop safety and environmental standards for their use. Te Manatū Waka does not currently have the resource or technical expertise to progress this research therefore planning for this initiative has not progressed.

Focus area 4: Support cross-cutting and enabling measures that contribute to the delivery of a low-emissions transport system



Key highlights

30 This quarter, Waka Kotahi published research on New Zealand's experience of transitioning to a zero-emission public transport fleet and a literature review of the effectiveness of interventions to reduce light vehicle travel. Waka Kotahi has also contracted further research into the zero-emission bus lifecycle and how working from home impacts on travel and land use. This research is crucial to developing a strong evidence base to inform further policy development.

Red initiatives and mitigations

31 One initiative, to provide people and businesses with information and education to support behaviour change as we transition to a low-carbon economy, has maintained a red RAG-rating this quarter as it is currently not resourced by Te Manatū Waka.

Section 2: Using appraisals, monitoring and evaluation to understand the impact of initiatives

- 32 The February quarterly report focused on delivery progress against the milestones and timeframes published in the DTAP. While this is a good indicator of delivery performance, we are aware that you are seeking further information about the performance of the transport sector initiatives in terms of impact on the focus area targets and overall abatement targets.
- 33 Data and resource constraints as well as the lead in time required to develop and complete appraisals, projections and evaluations have constrained our ability to evaluate the performance of the ERP in near terms.
- 34 Te Manatū Waka is developing a range of improvements to maximise the usefulness of findings from appraisal, monitoring and evaluation activities and to better prioritise the three types of activities. However, delivering these improvements while managing business as usual activities take time and we will provide updates on our progress in future quarterly reports.
- 35 We want to be able to provide you with a transparent and cohesive picture on whether the right outputs are delivered efficiently and economically to deliver the desired outcomes and impacts effectively.
- 36 This requires having an evidence-based assessment of what we plan to achieve (via ex-ante **appraisals**) and collecting the right information to help assess what and how best we have achieved (via ex-post **monitoring** and **evaluation**).
- 37 The following sections describe the work we have underway to support this for the initiatives in the ERP. We are available to discuss this with you and/or your Office in more detail if desired.

Prioritising our appraisals effort

- 38 Appraisals refer to the assessment of expected effects before interventions are put in place. They involve the use and the creation of projections (also referred as forecasts or estimates). These analyses use appropriate inputs and make relevant and realistic assumptions to estimate the likely impacts of interventions.
- 39 In the context of the ERP, projections for 7 initiatives were used to obtain an overall picture around how likely the next three emissions budget periods would be met. The total projected emissions reduction for transport for the first emissions budget was 1.7-1.9 Mt at the time of the ERP release.
- 40 Projections are inherently uncertain, and the actual impact of an intervention can vary significantly compared to projections depending on the quality of information available to inform the analyses and the level of uncertainty in the underlying factors.
- 41 Depending on the nature and purpose of the appraisals and projections, updates are sometimes required as new or updated evidence emerges. For example, information about the behavioural response to the Clean Car Discount has informed the revision of the central estimate of its emissions reduction potential which is now closer to the high-end of the original range of estimates.

- 42 We are currently working with the CCIEB Secretariat to clarify when emissions projections need to be updated and how to communicate this information consistently across sectors.
- 43 Not all initiatives in the DTAP have been appraised as there is a lack of appropriate data and/or capacity to estimate all the initiatives and many activities are foundational or complementary in nature that could result in double counting if included.
- 44 Not all initiatives that can be appraised will be, due to limited capacity and we will prioritise effort to initiatives that will add the most value, especially those that are useful for the ERP2.

Targeting monitoring and reporting effort

- 45 Monitoring requires continuous effort to track progress of activities, the inputs used, and the outputs delivered as well as to track specific measures related to outcomes. Meaningful reporting requires monitoring indicators to be collated into a report with the appropriate use of trend analyses and commentaries
- 46 While monitoring and reporting do not inform actual abatement effects of particular initiatives, they can be used to track progress towards desired outcomes. This requires selecting indicators that provide clear alignment between the policy problems or opportunities and related inputs, activities, outputs, outcomes and impacts throughout the intervention lifecycle.
- 47 Te Manatū Waka is developing the Decarbonising Transport Monitoring Framework (DTMF) that sets out linkages between action indicators (e.g., infrastructure delivery or policy change) and outcome indicators (e.g., fleet changes or travel behaviour) and shows how they relate to the ERP targets. This framework will make it possible to monitor progress against key objectives in each of the focus areas. We are carrying out further work to refine the framework and to map out the framework with relevant, reliable and feasible indicators.
- 48 Most of the relevant indicators that have been identified so far are only available on an annual basis, only a small number of indicators are available on a quarterly basis and some indicators are yet to be defined or collected.
- 49 Ongoing effort will be needed from across agencies to ensure relevant data is collected and reported on consistently and in a timely manner. We are developing a DTMF guiding document to support the delivering agencies in the process.
- 50 The frequency with which we can meaningfully report to you on the indicators and the nature of this reporting is yet to be confirmed. We will test our proposed approach with you next quarter.

Investing in evaluation

- 51 Evaluation involves the examination of all aspects of the Ministry's value for money (VFM) assessment model to understand the economy, efficiency, effectiveness and impact of activities in achieving specific objectives or targets.
- 52 While ex-post evaluation aims to understand the link between causes and effects, it cannot accurately separate effects from policy and non-policy changes that have

occurred simultaneously. However, through evaluation, it is possible to find out more specific information about how successful initiatives are beyond those collected through regular monitoring and reporting.

- 53 Depending on the scale of the evaluation and the availability and the quality of data or information, evaluation can take anywhere between several months and one year or more to complete.
- 54 We plan to update the Ministry's evaluation strategy to help prioritise limited resources to high value interventions as well as evaluation of trial programmes or schemes to inform successful roll out of such interventions. There is an opportunity to utilise evaluation to support an adaptive management approach regarding the direction of travel and if further amendment or adjustments would improve outcomes.
- id Grup wil , P initiatives 55 The Te Manatū Waka Emissions Reduction Government Group will considentie prioritisation of evaluation effort across the transport ERP initiatives in the coming

Appendix A: RAG(B) definitions for reporting

Colour Definition

R - Initiative appears unable to achieve overall ERP delivery timeframes and/or emissions reduction objective.

A - Initiative could feasibility meet overall ERP timeframes and/or achieve emissions reduction objective but issues/risks exist requiring management attention.

G - Initiative is on-track to meet overall ERP timeframes and achieve emissions reduction objectives and there are no outstanding issues.

in the second se B – Initiatives that are discontinued due to Ministerial decision or because they