



MINISTERIAL BRIEFING NOTE

Subject	Climate Emergency Response Fund (CERF) Programme Overview
Date	19 July 2023
Briefing number	BRI-2818

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

Action taken by Office of the Minister

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- ☐ Withdrawn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

Hon David Parker – Minister of Transport

CLIMATE EMERGENCY RESPONSE FUND (CERF) PROGRAMME OVERVIEW

Introduction

1. This briefing provides an overview of the Waka Kotahi Climate Emergency Response Fund (CERF) Programme, including its purpose, funding allocations, current status, and key upcoming milestones.
2. From next month onwards, we will resume providing a monthly status report to your office. These reports will provide an update on the programme, emerging risks and issues, as well as key milestones and engagement opportunities.

CERF programme overview

3. The Emissions Reduction Plan (ERP) sets ambitious transport targets that collectively require transport emissions to reduce by around 41 percent by 2035 (compared to 2019 levels). Achieving the ERP targets will require transformational, and often challenging, changes to the transport system. However, it is also an opportunity to deliver significant co-benefits for New Zealanders. This includes better transport options that contribute towards more liveable and resilient places, reduce congestion, air, and noise pollution, and support public health and wellbeing.
4. The CERF was established by Government as an enduring, multi-year funding mechanism, to support Aotearoa New Zealand's transition to a low-emissions and climate-resilient economy in a way that protects vulnerable communities in line with the commitments made in the Emission Reduction Plan (ERP) and National Adaptation Plan (NAP).
5. In Budget 2022, \$1.2 billion from the CERF was allocated to deliver key transport emission reduction initiatives from the ERP. Waka Kotahi was assigned responsibility for delivering most of these initiatives, including planning and infrastructure improvements to reduce reliance on cars and encourage people to walk, cycle and use public transport, as well as equity-oriented initiatives to support the uptake of low emission vehicles.
6. Waka Kotahi is managing the CERF funded initiatives it is responsible for as a single CERF programme, initially with four delivery programmes:
 - Light Vehicle Kilometres Travelled (VKT) reduction planning
 - Transport Choices
 - Public Transport
 - Vehicle Transition.
7. On 13 March 2023, the Government decided to stop the Vehicle Transition Programme, which included the Clean Car Upgrade (a vehicle scrap and replace scheme) and the (vehicle) Social Leasing Scheme. These initiatives were closed out at the end of May 2023 and \$550m was returned to Government from the initial budget.
8. Budget 2023 provided additional funding from CERF to expand the Public Transport programme, taking the overall CERF programme funding to \$970 million.
9. More information about each delivery programme is provided below.

Light VKT reduction planning (\$22.5m over two years to 30 June 2024):

10. The ERP includes a key focus on reducing the reliance on cars and support people to walk, cycle and use public transport. This includes a target to reduce total vehicle kilometres travelled (VKT) by the light fleet by 20 percent by 2035 (relative to projected growth) through improved urban form and providing better travel options.
11. The CERF has funded Waka Kotahi to deliver two initiatives from the ERP that are focused on VKT reduction planning:
 - Revise Waka Kotahi's national mode shift plan (Keeping Cities Moving) to ensure nationally led activities align with the pace and scale of VKT reduction and mode shift required in urban areas
 - Develop VKT reduction programmes for Aotearoa New Zealand's major urban areas (Tiers 1 and 2) in partnership with local government, Māori, and community representatives
12. Local government, working in partnership with Waka Kotahi, is relying on the national plan and urban programmes to set a pathway for delivery on the ERP VKT reduction target and achievement of the associated ERP target for reducing transport emissions by 41 percent by 2035.

s 9(2)(f)(iv)

s 9(2)(f)(iv)

s 9(2)(f)(iv)

Transport Choices (\$348m over two years to 30 June 2024)

23. The Transport Choices delivery programme aims to accelerate and support the rapid rollout of a range of key initiatives that will provide New Zealanders with access to a greater range of sustainable transport choices (including walking, cycling and public transport).
24. Delivery of the programme will help to demonstrate the kind of change anticipated to be provided for through the development and delivery of the urban VKT reduction programmes.
25. Waka Kotahi has partnered with councils to develop projects in four investment areas agreed by Ministers:
 - deliver strategic cycling/micro mobility networks
 - create walkable neighbourhoods
 - support safe, green, and healthy school travel
 - make public transport more reliable and easier to use.
26. As of 13 July 2023, the revised programme included 88 projects/packages across 46 councils. 15 of these projects/packages have been given 'flagship' status as they exemplify the Transport Choices initiative. The list of projects (and packages) in the programme continues to be refined as design and delivery proceeds.
27. The initiatives range from increased cycle ways and networks, walkable neighbourhoods (through safer crossings, widened paths, lower speed zones and improved pedestrian connections), safety improvements in travel pathways to schools, and improved support for bus services (more dedicated lanes, improved light signals, and upgraded bus shelters).
28. Waka Kotahi has worked with councils to develop an initial delivery programme. A refined version of this programme was agreed by the Minister of Transport in April 2023 (refer BRI 2727).
29. In response to direct feedback from a number of councils regarding challenges delivering to the initial timeframes, Waka Kotahi is currently reviewing the proposed delivery programme.
30. s9(2)(g)(i)
31. We are also working closely with councils to deliver an enhanced Support Package, offering additional capacity and capability support to help make their projects successful. This includes design drop-in sessions, capability building support and additional strategic guidance regarding communications and engagement, procurement, monitoring and evaluation, and programme delivery approaches.
32. Although many of these activities would eventually be addressed through eventual Regional Land Transport Plan (RLTP) activities, they are key enablers for the overall system shifts we need to support, and funding from the CERF is enabling councils to bring forward their delivery significantly.

Public transport

33. Providing safe, reliable, affordable and accessible public transport is fundamental to reducing transport emissions, as well as improving the quality of life in our cities, including by providing people with greater choices about how they get around and reducing congestion.
34. There are three core components to this delivery-programme:
 - i. Funding to help retain and recruit bus drivers through more attractive terms and conditions (\$61m to 30 June 2026)
 - ii. Oversee the national roll-out of the Community Connect scheme from 1 July 2023 (following the expiry of half-price fares) (\$430.173m to 30 June 2027)
 - iii. Administer funding to support the decarbonisation of the public transport bus fleet (\$136.95m to 30 June 2034)

A) Bus Driver Terms & Conditions

35. Bus driver shortages are an immediate challenge for public transport, which needs to be addressed in order to enable subsequent delivery on more significant improvements to public transport services.
36. We are partnering with central government agencies, public transport authorities, operators, and unions to improve bus driver terms and conditions and help provide more stable and reliable bus services across the country.
37. Most regions have either increased, or are working towards increasing, bus driver wage rates towards targets announced by the Minister in November 2022. This will ensure drivers are paid at least \$28 per hour.
38. In December 2022, the national bus driver shortfall was about 860, causing significant disruption to services across the country. The CERF initiative, along with changes in immigration policy settings, have seen the national shortfall steadily reduce by about 100 drivers per month. The shortfall is on track to be fully resolved in the coming months. Continued focus on recruitment and retention remains important to build resilience within the sector.
39. Cabinet made funding to support driver wage uplifts conditional on stakeholders first entering into an "all party agreement" to ensure engagement, coordination, and commitment of the relevant parties.
40. All-Party agreements (between Waka Kotahi, public transport authorities, bus operators and, where applicable, unions) are complete for Auckland, Waikato, Taranaki, Nelson/Tasman, Otago, Canterbury, Northland and Gisborne. All other regions are either progressing with negotiations (five regions) or considering their options (two regions).
41. In addition to 34.i. above, Budget 2023 approved a further \$49.3 million over three years from 2023-24 to sector to further improve workforce terms and conditions and enhance working environments such rest facilities and safety initiatives.
42. Waka Kotahi and the Ministry of Transport are developing an implementation approach for the latest tranche of funding and will seek your endorsement of the final scope prior to implementation.

B) Community Connect

43. In addition to poor environmental outcomes, the current transport system is not providing safe, healthy, or affordable access to transport for many New Zealanders. For example, low-income households spent a larger share of their budget on transport – particularly on their cars.
44. Budget 2022 confirmed \$98m across four years to support Public Transport Authorities to implement the nation-wide rollout of Community Connect from late-2022 onwards. An additional \$12 million is available in 2023/24 for the continuation of 75 percent discounts on Total Mobility fares from 1 July 2023.
45. The Community Connect programme aims to make public transport more affordable for Community Services Card holders by providing a 50 percent concession on public transport services. It is expected to directly benefit around one million Community Service Card holders. It also provides free fares for 5-12s and half price fares for 13-24s.
46. Community Connect is a key action in the ERP that supports an equitable transition by improving access and travel choice for the transport disadvantaged, as part of the transition to a zero-emissions transport system.
47. Waka Kotahi has been working with public transport authorities around the implementation and expansion of Community Connect (following Budget 23 announcements).
48. Community Connect started on 1 July, offering half price public transport fares for all Community Service Card (CSC) holders.
49. The expansion to Community Connect means free fares for 5–12-year-olds and half price fares for 13–25-year-olds. This expansion took place on 1 July 2023 for most regions, with notable exceptions in Wellington and Canterbury as more time was required to undergo ticketing system changes.
50. The initial roll-out for Community Services Card holders was delayed in order to align with the extension of the Government's Cost of Living support package. This extension was announced in February 2023, with the half-price public transport fares concluding on 30 June 2023.

C) Bus Decarbonisation

51. Public transport vehicles are largely diesel powered, which contributes to GHG emissions and other air pollutants harmful to public health. Decarbonising the bus fleet is increasingly important as more people are encouraged to travel by bus. Cleaner buses will not only reduce emissions – they will improve air quality and amenity in our towns and cities.
52. In January 2021, the Government announced it will only permit zero-emission public transport buses to be purchased from 2025. The aim is to transition to a zero-emission bus fleet by 2035.
53. Through Budget 2022, the Government agreed to provide \$137 million over 12 years to support this objective.
54. Public transport authorities (PTAs) are at different stages on the bus decarbonisation transition pathway, have different decarbonisation ambitions, and face different implementation challenges. They therefore need different types of investment to accelerate their transition to zero emissions buses.
55. Waka Kotahi has set up a contestable fund to help PTAs meet the costs of zero emissions buses and supporting infrastructure (such as charging stations). (MIN 647 refers).
56. In April 2023, we invited bids for the first round of contestable funding to accelerate decarbonisation of the bus fleet, with applications closing on 23 June 2023.

57. There has been positive interest from PTAs across the country regarding the bus decarbonisation contestable fund with 7 applications received (from 5 different PTAs).

58. s 9(2)(g)(i)

59. Waka Kotahi will utilise lessons from this initial round to refine and improve subsequent funding rounds.

Key Risks and issues

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

61. For Transport Choices, there are several councils that are finding the short timeframes challenging. We will provide you with advice on how this affects the final package in December 2023.

62. We are seeing increasing challenges with public support for the initiatives funded through CERF, which are exacerbated by local government's constrained capability and capacity to undertake engagement to build public support.

63. The CERF programme provides an early signal of the changes that are needed across the system in the coming decade and beyond, and therefore building public support for these initiatives is key for successfully implementing the Government's broader approach to emissions reduction for transport. The Waka Kotahi Transport Choices Council Support Package is an example of how we can assist local authorities to make their projects successful in their communities.

Upcoming briefings and key milestones

VKT Programme

- i. We are waiting for your feedback and direction on the national plan (OC230540/BRI2086 refers), which will determine when it is published.
- ii. We will be briefing you in the coming weeks on next steps for the development of Urban VKT Reduction programmes for Tier 1 & 2 Councils.

Transport Choices

- iii. As you will be aware, several councils have sought extensions for the confirmation and delivery of their Transport Choices programmes. Waka Kotahi is currently undertaking further analysis of these issues and will provide advice in December 2023 to inform your decision regarding timeframes and the finalised delivery programme.

Public Transport

- iv. We are preparing to announce the successful fund applications for bus decarbonisation in September 2023.

Next Steps

64. Following this overview briefing, the Waka Kotahi CERF Programme will return to its regular practice of providing you with a monthly update report.

It is recommended that you:

1. **Note** the contents of this report.
2. **Advise** if you require any further information

Yes / No



.....
Richard May
Chief of Staff, Waka Kotahi
Programme Sponsor, Waka Kotahi CERF Programme
Date: 19 July 2023

.....
Hon David Parker
Minister of Transport
Date:

Proactively Released