



Waka Kotahi NZ Transport Agency Climate Emergency Response Fund (CERF) implementation programme - Monthly Report for August 2023

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
CERF Programme	Comment
Overall Programme Summary	<p>Overall, the programme is on track against key milestones.</p> <ul style="list-style-type: none"> Vehicle Kilometres Travelled (VKT) reduction planning: The national plan remains in draft whilst we await Ministerial feedback and subsequent Waka Kotahi Board approval. In addition, the sub-national VKT targets are still in draft and awaiting Cabinet approval. All Tier 1 councils have commenced work on their urban programmes and Waka Kotahi is working with each group of councils to develop programmes which identify the activities, funding and dependencies required to achieve the light vehicle kilometres reduction target in the Emissions Reduction Plan. Transport Choices: We have noted the reduction in the funding envelope and will be prioritising projects ready for implementation in our December advice to you. We are building a good level of momentum with the majority of the projects going through community consultation and eight projects already under construction. As we look to confirm the final programme, we are working with councils to reduce the number of projects delivered to ensure it aligns with our revised budget: <ul style="list-style-type: none"> Over the past month, our over-programmed budget has been reduced by \$10 million with the Hutt City Council Riverlink and Tauranga City Council Te Papa peninsula being removed from the programme due to issues with community consultation, as well as a reduction in project scope not delivering the outcomes originally sought. Presently, we are approximately \$62 million over-programmed (based on the reduced funding envelope), which we are confident will be reduced as the programme gets finalised. The pre-implementation funding for these projects has contributed to the council progressing plans and laying a foundation for changes in the future. The majority of projects are on track to meet the end of September deadline for design review. Public transport: Community Connect went live on 1 July 2023 and PTAs report the rollout largely has gone well. A few PTAs had to delay implementation due to technological constraints, but all regions except for Marlborough have now successfully delivered the scheme. Since December 2022, the national bus driver shortfall has reduced from about 860 to approximately 33 in August 2023. 182 drivers are in the process of being recruited and/or trained. With the sector agreement and immigration pathway now in place, we expect current trends to continue and the driver shortage to be addressed within the coming months. Auckland has reported that it no longer has a driver shortage and Wellington will soon resolve its. Round 1 of the Contestable Fund for bus decarbonisation is complete, with seven bids received from five PTAs. Robust discussions and analysis were undertaken to understand scope and context of bids. Preferred applicants have until 31 August 2023 to respond with confirmed costs and agree to the conditions set, so that Funding Agreements can be executed. A media announcement of the preferred recipients is expected in September 2023.
Key programme updates	<ul style="list-style-type: none"> Spend across the programme: Our forecast for the 2024 financial year (as of 16 August 2023) is \$519.5 million. As of 31 July 2023, our life-to-date is \$26.8 million, and year-to-date is \$2.4 million. Local government engagement: Engagement with PTAs were positive through the rollout of Community Connect and Bus Decarbonisation initiatives. As for VKT planning, Tier 1 councils are seeking clarity while developing their urban programmes and Tier 2 councils signalled their interest in participating in the urban programme development. However, there are some frustrations among councils as they request timeframe extension for Transport Choices projects through media commentary and direct letters from Mayors. Programme Uncertainty: The current complex operating environment has introduced greater uncertainty to the programme, creating challenges with the direction regarding VKT and impacting already compressed timeframes for Transport Choices and VKT Programmes.

Delivery Programme	Status	Comment
Delivery Programme 1: [Light] Vehicle Kilometres Travelled reduction planning	<p>Current status</p> <p>AMBER</p> <p>Last month status</p> <p>AMBER</p>	<p>Waka Kotahi continues to focus on supporting Tier 1 councils to develop their urban programmes. We have recently issued technical guidance to Tier 1 councils that provides them with best practice advice about how they can proceed with the development of their urban programmes in ways that are likely to align with the national light VKT reduction target set in the Emission Reduction Plan (ERP).</p> <p>Each group of Tier 1 councils are at different stages of developing their urban programmes, reflecting their individual circumstances. This is having an impact on the completion date for their programmes and further detail regarding the timeframes for the programmes is provided in the risk section below.</p> <p>A detailed update on the urban programmes will be provided to you in December 2023, including advice on how councils are progressing and the spend against the appropriation.</p> <p>Key risks and mitigations:</p>

Delivery Programme	Status	Comment
		<ul style="list-style-type: none"> Delivery timeframe: In response to the ongoing risk that Tier 1 councils will not meet the December 2023 deadline for delivering urban programmes, we are revising our expectations and will now require all urban programmes to be completed by the end of June 2024. Councils have reflected that it is a particularly busy period for local government, with demands on related pieces of work (Long Term Plans, Regional Land Transport Plans, Future Development Strategies etc.) taking up officials' time. There is a risk that some councils will withdraw from participating in the process due to how tight the process is for them. The extra time means that councils will not compromise on important pieces of analysis, and it will enable them to better integrate the analysis for the urban programmes with other strategic/investment planning work that will be occurring in parallel.

Delivery Programme	Status	Comment
Delivery Programme 2: Transport Choices	<p>Current status</p> <p> AMBER</p> <p>Last month status</p> <p> AMBER</p>	<p>Summary</p> <ul style="list-style-type: none"> We have 11 projects at the implementation stage - including projects in Queenstown, Nelson, Porirua and Matamata-Piako in construction. Hendry Ave in Auckland has been completed. We are focussing our effort on enabling the councils to meet the 29 September 2023 deadline for detailed design submission and will then work through processes to prioritise project delivery to reduce the level of over-programming and reflect the reduced funding envelope. Current insights in our discussions with councils: <ul style="list-style-type: none"> Key risks have been noted relating to cost increase for delivery (due to the current economic environment) and objection to projects via community engagement / consultation. Timeframes across the programme are generally on track as councils are reprioritising this work within the agreed deadlines to take advantage of the funding. Flagship projects remain at a medium level of risk with 50 percent of these having a 'green' status and 50 percent as 'amber' (some risk) status. Flagship projects currently account for \$71 million of our total forecast. These projects are still expected to deliver the agreed stated objectives. However, as a result of the reduced funding for Transport Choices we are looking an overall reduction in deliverable outputs and will update a full status of the Flagship projects next month. 13 percent of the projects are currently at high risk for delivery, accounting for \$29 million in forecast funding. The following projects have been approved to proceed for implementation: <ul style="list-style-type: none"> Christchurch City Council Little River cycle connection Auckland Transport North-western Bus Stops New Plymouth District Council Project 1 – Devon St West Porirua City's Shared Path Project Queenstown's Arthurs Point Nelson's Maitai River Shared Path Matamata-Piako's Project in Morrinsville's Recreation Grounds We have had projects from Tauranga City Council (Te Papa peninsula) and Hutt City Council (Riverlink) dropped off due to a combination of design delays and significant scope reduction as a result of cost escalations. MIN-4299 (provided 29 August 2023) provides more detail regarding potential extensions to delivery timeframes. <p>Outcomes – updated forecast being developed</p> <ul style="list-style-type: none"> We will agree an updated set of output levels with your office shortly, in line with the revised funding arrangements and the finalised delivery programme that is due to be confirmed with councils during October 2023. <p>December 2023 Briefing - update</p> <ul style="list-style-type: none"> We are beginning to plan for the December 2023 briefing which will give options around the final Transport Choices package. This will include prioritising projects to meet the programme timeframe and adjusted funding envelope. <p>Key risks and mitigations:</p> <ul style="list-style-type: none"> Council procurement and delivery: National shortages for resourcing, capacity, as well as long lead in times and delays will result in delay to some projects. Waka Kotahi will closely monitor timeframes through relationship management. This will be more fully defined over the next two months. Reporting on delivery: The December 2023 briefing which will outline the final TC programme is reliant on council data and project progress. Recent surveys received have highlighted the need to get more accurate reporting on timeframes and status. We have updated the August 2023 survey requirement to gather essential data. Funding agreement not met: Projects that are delayed or rescoped may impact on Waka Kotahi's agreed KPIs. We will monitor this through our monthly reporting as we finalise the delivery programme with councils and within the revised funding envelope.

		<ul style="list-style-type: none"> • Transport Choices appropriation reduction: We expect the new funding envelope will be achieved by removing whole projects that have not yet started procurement for implementation, rather than rescoping or reducing activities already in construction. We anticipate a negative response from councils where projects are removed from the programme, however they are aware of the strict criteria of this programme, which is set out in their funding agreements.
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Delivery Programme	Status	Comment
Delivery Programme 3: Public Transport (Recruiting and Retaining Bus Drivers, Community Connect, and Bus Decarbonisation initiatives)	<p>Current status</p> <p> GREEN</p> <p>Last month status</p> <p> AMBER</p>	<p>Recruiting and Retaining Bus Drivers: Most regions have increased bus driver wage rates towards the targets announced in November 2022, with most bus drivers now paid at least  per hour. Eight out of 14 MoUs signed with Public Transport Authorities (PTAs) – (Northland, Auckland, Waikato, Gisborne, Taranaki, Nelson/Tasman, Canterbury, and Otago, with Wellington due to be signed by the end of August 2023). Work is underway now to agree scope and funding allocations of Tranche 2 and 3 (Budget 2023) to support other aspects of improving bus driver terms and conditions, such as split shifts, penal rates, and the work environment.</p> <p>Since December 2022, the national driver shortfall has reduced from about 860 to approximately 33 in August 2023. 182 drivers are in the process of being recruited and/or trained. With the sector agreement and immigration pathway now in place, we expect current trends to continue and the driver shortage to be addressed within the coming months. Auckland has reported that it no longer has a driver shortage and Wellington will soon resolve its. There is a continued focus on recruitment and retention as this is important to build resilience within the sector.</p> <p>PTA cancellation rates continue to reduce but remain above acceptable levels. Cancellation rates are expected to significantly improve as the current cohort of drivers in training come online over the next couple of months.</p> <p>Key risks and mitigations in relation to Recruiting and Retaining Bus Drivers are:</p> <ul style="list-style-type: none"> • PTA agreements with operators/unions: Some remaining PTAs may be unable to reach an agreement with operators and unions to implement the improved terms and conditions. Consequently, they may be unable to access CERF funding. This is being managed through engagement with PTAs, including ministerial letter to councils and establishment of national funding arrangements. • PTA funding prioritisation: Some remaining PTAs may be unable to prioritise funding to further increase driver wages. We will work with PTAs to encourage investment in this financial year. <p>Community Connect: Community Connect went live on 1 July 2023. As noted below, some PTAs delayed the launch as they overcame technology issues and have been supported by Waka Kotahi on a case-by-case basis.</p> <p>Key risks and mitigations in relation to Community Connect are:</p> <ul style="list-style-type: none"> • 1 July launch delays: Several PTAs experienced launch delays (Greater Wellington, ECAN, Marlborough). However, Nelson was launched on 1 August 2023, ECAN on 14 August 2023, and GW are due to launch on 1 September. Marlborough is the only PTA outstanding, and we are offering ongoing support. <p>Bus Decarbonisation: Round 1 of the Contestable Fund has closed with seven bids received from five PTAs. Robust discussions and analysis were undertaken to understand scope and context of bids, and finally the evaluation team recommended the following preferred applications, subject to conditions:</p> <ul style="list-style-type: none"> • Auckland Transport (AT) – diesel to electric conversions for 19 double decker buses • Auckland Transport – installation of additional charging infrastructure at AT's Ti Rakau depot • Greater Wellington Regional Council – installation of charging infrastructure at GWRC's southern depot • Taranaki Regional Council – procurement of one EV bus with operator Tranzit • Environment Canterbury – either the procurement of 10 EV buses with operator GoBus or the procurement of two EV buses with operator Ritchies <p>The recommended preferred applications amounted to circa \$19.1 million, however due to the provisional nature of the recommendations, there is a likelihood that some of the preferred applications will not meet the conditions required to secure funding and consequently the final amount awarded to the first round of applications may be lower. Preferred applicants have until 31 August 2023 to respond with confirmed costs and agreement to the conditions set, so that Funding Agreements can be executed. A media announcement of the preferred recipients is expected in September 2023.</p> <p>Key risks and mitigations in relation to the Bus Decarbonisation fund are:</p> <ul style="list-style-type: none"> • Co-funding by PTAs: Some PTAs have indicated difficulty in contributing local share to new initiatives. Waka Kotahi will consider applications with lower local share contributions where clear benefits can be demonstrated.