

MINISTERIAL BRIEFING NOTE

Subject	Transport Choices Programme delivery timeframes
Date	13 September 2023
Briefing number	BRI-2863

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1st contact
Richard May	Chief of Staff Programme Sponsor, Waka Kotahi CERF Programme		s 9(2)(a) [redacted]	✓

Action taken by Office of the Minister

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- ☐ **Withdrawn**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

13 September 2023

Hon Grant Robertson – Minister of Finance

Hon David Parker – Minister of Transport

TRANSPORT CHOICES PROGRAMME DELIVERY TIMEFRAMES

Purpose

1. This briefing provides an update on the Transport Choices Programme and a discussion of options and related risks and issues regarding potential extension to the delivery timeframes.

Background

2. Waka Kotahi NZ Transport Agency is working with 46 councils to deliver walking, cycling, and public transport projects (valued \$298 million¹) funded from Climate Emergency Response Fund (CERF). This includes \$9.95 million for an enhanced support package².
3. Following the approval of the Transport Choices package in October 2022, Waka Kotahi began working with councils to confirm an indicative programme of work to be delivered by 30 June 2024.
4. Approximately 80 percent of Transport Choices projects have completion dates scheduled for the final three months of the programme.
5. In response to feedback from a number of councils, including correspondence from New Plymouth, Nelson and Tasman Mayors, Waka Kotahi recommended a 12-month extension to the June 2024 delivery deadline.
6. This recommendation was declined, and Waka Kotahi has been working and communicating with councils on this basis.

Council readiness

7. Many councils have indicated that they are anticipating challenges in meeting the June 2024 deadline due to national shortages in planning and construction resources – partly due to ongoing impacts from extreme weather events and the COVID-19 pandemic.

¹ Note the original budget was \$348 million. Waka Kotahi has been directed to identify \$50 million in savings from the Transport Choices/VKT appropriation that can be returned to the Crown. This will be reflected in the finalised programme that will be confirmed by 8 December 2023.

² The support package provides additional resource to councils across a range of areas including procurement, design standards and reviews, community engagement and project management to enhance their capacity to implement the Transport Choices programme and ensure smooth delivery of projects.

8. As councils have reached the consultation stages of their projects, they are also requesting lengthier periods than originally anticipated for obtaining elected member approval for the projects. This is a result of the contentious nature of some projects, requiring more time to address these issues and gain support from elected members.
9. In response to these constraints, some councils decided to either reduce the scope of their projects to enable delivery within the timeframes or removed projects entirely to refocus resources on other initiatives.
10. Additionally, some councils decided to reduce the scope of their normal programme of National Land Transport Fund co-invested activities to focus on delivery of Transport Choices and other activities with an enhanced subsidy or reduced local share (for example, the Christchurch Regeneration Acceleration Facility).
11. Waka Kotahi identified seven projects (refer to Appendix) in the indicative programme that would not meet the June 2024 deadline but, if delivered, would substantially complete networks in the relevant cities and support the programme's wider delivery goals.
12. BRI-2727 provided more information on these seven projects and recommended a targeted extension for these specific projects, which was granted.

Extension considerations

13. You have requested our advice to help review the feasibility of the current delivery dates.
14. Waka Kotahi's view is that a blanket 12-month extension for all councils Transport Choices delivery programmes represents the optimal approach to derive the maximum value from the programme, while managing the risks and issues that councils are signalling through their feedback and correspondence.
15. This extension would also allow a stronger period of project evaluation to occur. This evaluation can be managed within a project's allocated funding but would not have been able to be achieved with the existing June 2024 deadline.
16. Should Ministers jointly agree to extend the deadline, this decision would need to be communicated to councils swiftly so they can take advantage of the change before their community engagement and planning windows close. The extended windows will increase their engagement with local partners and stakeholders before finalising their submissions to the programme.
17. As Waka Kotahi is working directly with 46 councils, we can communicate the decision on this extension directly to them ahead of any public announcement, in coordination with your office.
18. Should an extension be granted, we anticipate some councils will appreciate additional time to engage with local partners and stakeholders, particularly on more contentious initiatives.
19. Waka Kotahi will manage this process in close partnership with councils and confirm a finalised delivery programme with your office by 8 December 2023. We will prepare a briefing that sets out the range of confirmed projects, which will be delivered within the existing deadline of 30 June 2024 and the extended deadline of 30 June 2025.

Options for consideration

20. The following table outlines the potential options for your consideration in response to the concerns raised by councils, including the pros and cons of each option:

Options	Considerations
A) Blanket 12-month extension for all Transport Choices projects and initiatives	<p>This will satisfy the various requests for an extension, however there are several issues to consider:</p> <ul style="list-style-type: none"> i. Potential grievances from councils (or the communities they represent) who have re-scoped or entirely removed projects based on current timeframes. <p><i>Ability to deliver on time</i> has been one of the criteria Waka Kotahi has intended to use as we finalise the Transport Choices programme and reduce the range of projects to match the revised funding envelope. While we will employ other criteria operationally in our prioritisation process, councils who have had to rescope their work based on this rationale may feel particularly aggrieved.</p> <ul style="list-style-type: none"> ii. The reduced funding envelope may require us to make additional cuts to proposed work programmes, which may have previously met our initial criteria for inclusion. This has the potential to create additional frustration for councils. iii. This option increases the value we can derive from the Transport Choices programme, but it should be noted it will also increase Waka Kotahi's operational costs as we need to support planning and delivery processes over a longer period. iv. Councils will likely appreciate additional time to engage with local partners and stakeholders to secure stronger support for the final suite of delivery initiatives. Waka Kotahi believes this will ultimately support a more successful delivery of the finalised programme.
B) No extension (apart from the seven initiatives already confirmed).	<p>This is the status quo option – no additional extensions are offered beyond those already confirmed in BRI-2727.</p> <p>It creates no further equity issues or grievance risks and allows for the delivery momentum to be maintained for the programme acknowledging the majority of the councils are confident of achieving timeframe.</p> <p>However, it does not provide the outcome that the New Plymouth, Nelson, and Tasman Mayors are seeking and potentially prevents additional value being derived from projects that do not meet current deadlines but could meet a delivery deadline of 30 June 2025.</p>

Te Manatū Waka comment

21. Te Manatū Waka has been consulted on the development of this briefing and it understands from an operational perspective the motivation for a blanket 12-month extension for delivery across the programme due to sector pressures.
22. The Transport Choices Programme is an important component of the Government's work to promote mode-shift to active modes and public transport. It was designed to provide support to councils to deliver on a suite of projects ahead of the wider Vehicle Kilometres Travelled (VKT) reduction programmes being developed by our Tier 1 councils, which will identify a longer-term pipeline of mode-shift investment needs.
23. Ongoing support for the Transport Choices Programme is important to maintain council engagement and momentum towards this important challenge. Te Manatū Waka recommends that Waka Kotahi continues to support and motivate councils to deliver at pace to avoid further delays.
24. Depending on your decision, Te Manatū Waka will work with Waka Kotahi and the Treasury to make any required amendments to the Funding Agreements and appropriations.

Specific risks for consideration

25. There are four key risks to consider before confirming your decision, which are summarised in the following table:

	Risk	Potential Mitigation
1.	Cost escalation	Extending timeframes for delivery has the potential to increase the final costs of various projects, with consultation and construction potentially occurring over longer timeframes. This risk will be managed through funding agreements between councils and Waka Kotahi, with appropriate controls in place to ensure successful delivery within agreed funding envelopes.
2.	Equity	Perceived inequity concern for councils who did not submit applications, or have had projects cut from the programme, because they could not meet the original timeframes. These councils may raise concerns based on being unfairly disadvantaged should extensions now be granted to others. This risk is harder to manage and may result in additional media commentary.
3.	Closing window to take advantage of potential extensions. <i>(Note: The Transport Choices work programme is due to be finalised in October, following a 29 September submission deadline for councils).</i>	As councils look to finalise their Regional Land Transport Plan(s) and community engagements, any decisions regarding potential extensions will need to be communicated in the coming weeks (i.e. before 29 September 2023 – the current deadline for council submissions to the programme). This will allow councils to factor in the extension to the finalisation of their work programmes and will also allow them

		<p>sufficient time to incorporate projects into their engagement rounds.</p> <p>There is a risk that if the communication of any decisions is left until December 2023 (based on current briefing schedules), it will be too late for councils to be able to benefit from the extended timeline and we may see further attrition from the delivery programme as a result.</p> <p>Granting an extension may also make it easier for councils to bring any extended projects into the same planning window as they prepare for the next National Land Transport Programme (NLTP) cycle. This may make it easier from a procurement point of view as they can ensure resource plans are in place to secure the construction capacity that will be required alongside NLTP activities.</p>
4.	Over-programming	<p>The indicative list of Transport Choices initiatives is currently overprogrammed. This is normal at this stage of planning as we would expect to see and plan for a level of attrition in activities as councils refine their assumptions and costings, and we work through the prioritisation process together.</p> <p>Providing extensions to the delivery timeframe reduces deadline-based drivers for attrition and prioritisation, but there are other processes Waka Kotahi will use to ensure the finalised programme of activities are matched to the set funding envelope.</p> <p>It is also worth noting that any projects that do not end up in the finalised Transport Choices programme may be considered through the relevant RLTP or NLTP process. However, this will inevitably require a higher local share contribution.</p>

Impact of the \$50 million change in funding envelope

26. To finalise the return of \$50 million from the shared VKT/Transport Choices appropriation to Vote Transport, Waka Kotahi is undertaking an assessment of the Transport Choices package to confirm where these savings can be made.
27. This assessment will occur as follows:
 - a. Councils are due to provide an updated information on their proposed Transport Choices work programmes by 29 September 2023.
 - b. Waka Kotahi will work to refine the programme as we receive this information over the next two months, based on key programme criteria.
 - c. This will prioritise the highest value projects that are able to meet the delivery timeframes and enhance our public transport, cycling and walking networks that deliver greater transport choices to people across Aotearoa.
 - d. It will also consider where we have a confidence in delivery and ongoing support for the proposals.
 - e. The refinement will include the \$50 million savings on top of the overprogramming reduction already planned.

28. Savings will be identified and confirmed as part of the process of finalising the work programme. While we will look to identify savings from across the shared VKT/Transport Choices appropriation, we expect savings from the Transport Choices programme will be achieved by removing whole projects that have not yet started procurement for implementation, rather than rescoping or reducing activities already in construction.
29. This may generate negative feedback 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.
30. Waka Kotahi will provide more specific information on the potential impacts from the reduced funding envelope as the final delivery programme is confirmed, no later than 8 December 2023.

It is recommended that you:

1. **Note** the content of this briefing

2. **Agree** to extend the timeframe for Transport Choices projects to 30 June 2025

**Minister of
Finance**

**Minister of
Transport**

Yes / No

Yes / No

Richard May

Richard May

Chief of Staff, Waka Kotahi

Programme Sponsor, Waka Kotahi CERF Programme

Hon Grant Robertson, Minister of Finance

Date: 2023

Hon David Parker, Minister of Transport

Date: 2023

Appendix

Summary of projects approved for 12-month extension in BRI-2727

- Below is an overview of the seven projects that have already been approved for a 12-month extension to 30 June 2025.
- In combination, these additional projects would deliver an extra 24.55 kilometres of cycleways through the programme.

Approved Organisation	List of projects
Wellington City Council	Four additional projects as part of their Transitional Cycleways programme - adding 17.9 kilometres of cycleway with an additional cost to the programme of \$12.3 million: <ul style="list-style-type: none"> • Botanic Gardens to Karori • Ngaio to Johnsonville • Khandallah Connection • Ngaio to Karori
Dunedin City Council	Main Road/Main Road South project as part of their Dunedin Safer Streets programme, delivered with an additional cost of \$3.77 million with an additional 4-kilometre of cycleway provided.
Stratford District Council	Walking and cycling bridge to be delivered by June 2025 at an additional cost of \$0.74 million.
Tauranga City Council	Additional 2.65 kilometre of cycleway along Grenada Street as part of the Arataki project at an approximate additional cost of \$7.7 million.

In October 2022, we advised you that the agreed indicative programme would deliver key outputs against each of the four investment areas. An indicative update of expected outputs that will be delivered under the proposed final programme is provided in the table below:

	Oct-22	Mar-23	Variance (reduction)
Km of cycleways	242	199	-20%
# of new bus stops	397	598	+40%
# of upgraded bus stops			
Km of priority bus lanes	11	9	-20%
Number of suburbs that received walking and improvement projects	29	54	+60%
Number of schools linking to safe, green and healthy school travel improvements	119	140	+16%