



MINISTERIAL BRIEFING NOTE

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Contact(s) for telephone discussion (if required)				
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Action taken by Office of the Minister

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- Withdrawn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

28 November 2023

Hon Simeon Brown– Minister of Transport

CROWN FUNDING DELIVERY

Purpose

1. This briefing provides you with an overview of Vote Transport Crown funding that the New Zealand Transport Agency (the Agency) is delivering. It outlines general background and context around the role of Crown funding, an overview of current Crown funded initiatives the Agency is responsible for, and detail on achievements and delivery to date. You are also provided with an outline of key upcoming milestones for specific Crown funded initiatives that may assist with your responsibilities as Minister of Transport, where appropriate.
2. This briefing forms part of the wider Agency material intended to support you in your role as Minister of Transport. It expands on the higher-level Crown funding overview set out in the Agency's Briefing to the Incoming Minister (BIM), and the suite of proactive briefings on key aspects of the transport system. Supplementary information on the initiatives outlined, or any other aspects of Crown funded transport investment, can be provided at your request.

Background and context

Primary land transport investment sources

3. The Agency is responsible for managing land transport system funding, which is principally through the National Land Transport Fund (NLTF).
4. The Agency Board has an independent role in overseeing and monitoring NLTF expenditure.
5. Most NLTF revenue comes from fuel excise duty and road user charges, and a smaller amount from vehicle licensing, property rental and the sale of surplus land purchased for state highway projects.
6. The NLTF is used:
 - to fund state highway maintenance, renewals and improvements, and other national activities;
 - for local road maintenance and improvements funding to councils, walking and cycling facilities, public transport services and infrastructure, safety works and transport planning;
 - to fund councils and other approved organisations based on their respective Funding Assistance Rate, which is a minimum of 51 percent (higher for smaller regional councils

based on their income and road network size). The difference between the NLTF and the total cost of works for councils is described as 'local share'.¹

Crown funding's increased role in transport investment

7. Crown funding can also supplement transport revenue (the NLTF and local share) and be used to achieve specific outcomes. This funding is managed through the annual budget process led by the Minister of Finance, with an annual assessment process generally running between October to April. Ad-hoc investments can also be made using Crown funds with Cabinet's agreement.
8. Cabinet may choose to allocate additional Crown funding for transport projects to support the achievement of the Government Policy Statement on land transport (GPS) or wider government priorities that are not affordable within the NLTF. These tend to be large investments, namely projects with multiple objectives or investments responding to specific events or wider strategic needs. This may include major infrastructure projects, regional development projects, and large-scale system shocks, such as COVID-19. The Climate Emergency Response Fund (CERF), a form of Crown funding, also contributes to funding for transport investments with a focus on emissions reduction and/or mitigating the impacts of climate change.
9. Ministers are accountable for activities funded by the Crown directly, unlike investment from the NLTF where the Agency Board has an independent role in overseeing and monitoring expenditure.
10. The Agency may deliver Crown-funded activities and investment programmes, including as a 'top-up' to the NLTF, and its robust financial management, risk management, reporting and assurance processes can help provide support to the Crown in delivering the intended investment.
11. A broader set of considerations will typically be applied to Crown funded investments than to projects and activities focussed on transport objectives. When proposing Crown funding investments, Cabinet is responsible for determining the investment rationale and relative priority.
12. In recent years, there has been an increase in the proportion of Crown funding used to supplement the NLTF and local share, as well as Crown funding for transport investments outside of the National Land Transport Programme (NLTP). The increase reflects the Agency and the Government's response to increased responsibilities, technology changes, rising costs and labour shortages, which generate system-wide budget impacts.
13. Successive governments have signalled increasingly ambitious land transport investment programmes. When combined with increasing NLTF revenue pressures, this has meant the NLTF can no longer fully deliver on all the government's land transport commitments.
14. While additional Crown capital investments (such as the New Zealand Upgrade Programme) deliver widespread benefits, considerations around how to manage the land transport revenue system to continue the ongoing operating and maintenance costs for the resulting infrastructure needs to be taken into account.

¹ Councils, and other approved organisations (e.g. Auckland Transport) raise their local share from rates revenue, debt, developer contributions or other financial contributions and revenue. Further information can be found in the NLTF proactive briefing.

Current Crown funded transport investments

15. The Agency is responsible for delivering numerous key Crown funded transport commitments, developed to give effect to government directed transport priorities. These priorities follow four themes: economic productivity, emissions reduction and public transport, resilience and recovery, and delivery efficiency.
16. Detail on the following programmes is set out in the following sections, grouped under the four themes:

Economic Productivity

- The New Zealand Upgrade Programme (NZUP)
- The Supporting Regions Programme

Emissions reduction and public transport

- The Climate Emergency Response Fund (CERF) delivery programme
- The Low-Emissions Vehicle Programme

Resilience and recovery

- The Transport Resilience Fund
- North Island Weather Events: State Highway and Local Road Response and Recovery

Delivery efficiency

- Land Transport Regulatory Services funding
- Road User Charges and Fuel Excise Duty funding
- Additional targeted Agency-delivered Vote Transport funding initiatives (Attachment 5).

17. Many of the projects funded under the above programmes are in advanced delivery stages. Any changes to funding will require careful consideration of legal commitments such as contracts, sunk costs, and stranded assets, as well as wider reputational risks to the Crown and the Agency.

Theme 1: Economic Productivity

The New Zealand Upgrade Programme (NZUP)

Overview

18. NZUP was initiated by the Government and announced in January 2020. It includes \$8.7 billion Crown investment in transport over ten years. The Agency and KiwiRail are the delivery agencies. The Minister of Transport and Minister of Finance are jointly responsible for NZUP.
19. NZUP has 42 transport projects in New Zealand's main growth areas and throughout the regions. These projects provide communities with enhanced travel choice, improve the safety, efficiency

and resilience of the transport network, and support growth. The Agency is leveraging NZUP's scale to drive broader outcomes with industry, such as carbon reduction and sector improvement.

- 20. Since 2020, there has been significant progress across NZUP. Over \$2 billion combined Agency and KiwiRail funding has been spent, with over half of the programme in delivery, and 12 major projects completed in Northland, Hawke's Bay, the West Coast and Canterbury (including NZUP Regional Package projects). Over 800 people are currently employed throughout New Zealand to design, consent and build NZUP projects, including regional local businesses.
- 21. Recent achievements include starting procurement for the Ōtaki to north of Levin project, completion of the New Park Estate Road Bridge as part of the Papakura to Drury project and further construction milestones for O Mahurangi (Penlink), with a recent iwi-partners led site blessing for Weiti River.

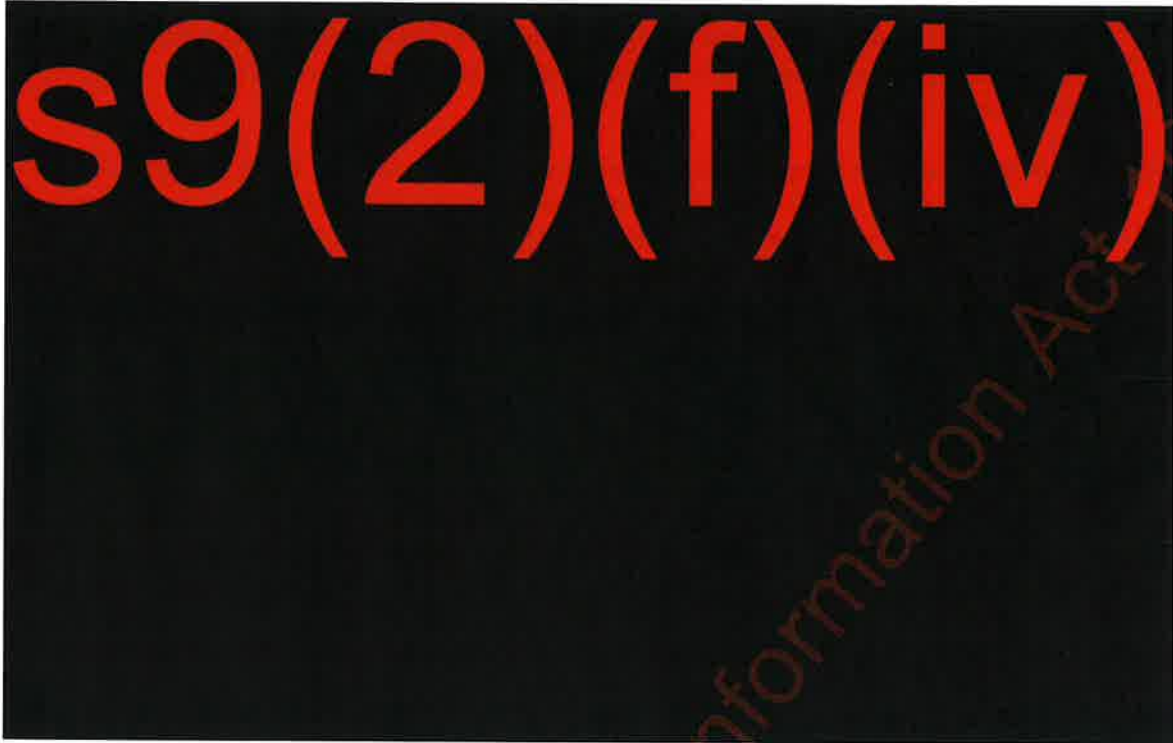
NZUP cost pressures

- 22. NZUP has experienced cost pressures reflecting national and global infrastructure challenges. These include cost inflation and volatility, constrained market capacity and supply chain issues. Current cost pressures apply across many NZUP projects, with existing project funding levels either insufficient or at risk of being insufficient.
- 23. The Government provided additional funding support in 2022. §9(2)(f)(iv)

_____. Attachment 2 provides funding allocations and project estimates for the Agency NZUP projects as of late October 2023.

- 24. §9(2)(f)(iv)

Released under the Official Information Act 1982



25. To help respond to rising cost pressures, in August 2023 the Minister of Transport issued delegations for The Agency to make scoping decisions for the majority of those NZUP projects unable to be delivered within approved funding, and to reallocate funding between projects to stay within approved programme funding.

26. Delegation was not provided to stop projects; s9(2)(f)(iv) [redacted]

27. s9(2)(f)(iv) [redacted]

28. s9(2)(f)(iv) [redacted]

29. s9(2)(f)(iv) [redacted]

Released under the Official Information Act 1982

Key project challenges and upcoming decisions

Takitimu North Link Stage 1

30. Takitimu North Link Stage 1 is a new 6.8km 4-lane expressway with a shared walking and cycling path and managed lanes. The project is contractually committed and has been under construction since December 2021. Once complete, Takitimu North Link Stage 1 will improve safety, improve access with more reliable travel times, support greater travel choice, and support economic development and population growth in the Western Bay of Plenty. Project funding is \$767 million.

31. §9(2)(f)(iv) [Redacted]

Queenstown Package

32. The Queenstown Package includes bus priority measures on State Highway 6/6A, bus lanes on SH6, improvements to the existing Frankton bus hub, improvements to the SH6A/SH6 intersection, pedestrian access improvements across SH6 and SH6A and a new roundabout at Howards Drive. When complete, the Queenstown Package will provide dedicated public transport infrastructure to support greater travel choices and carbon reduction.

33. The Queenstown Package is in pre-implementation and the Agency is in a live alliance contract for the works. The funding allocation for the package is \$130 million. §9(2)(f)(iv) [Redacted]

34. §9(2)(f)(iv) [Redacted]

35. §9(2)(f)(iv) [Redacted]

36. §9(2)(f)(iv) [Redacted]

37. §9(2)(f)(iv) [Redacted]

Released under the Official Information Act 1982

- 38. s9(2)(f)(iv) [Redacted]

SH2 Melling Efficiency and Safety Improvements

- 39. Melling is the NZUP component of the wider Te Wai Takamori o Te Awa Kairangi (Riverlink) programme. Riverlink is a local-central government and mana whenua collaboration and partnership, working to transform Lower Hutt by providing better flood protection, enabling urban growth, and improving transport safety and connections in central Lower Hutt and around the Melling Interchange.
- 40. Melling's scope is a grade separated interchange, road and pedestrian bridges over Hutt River, and relocation of the Melling train station and shared user pathways. When complete, Melling will provide for a safer, more resilient and accessible transport system in Lower Hutt, while supporting flood protection and revitalisation of the Hutt Valley.
- 41. Melling is in pre-implementation and has a funding allocation of \$816 million. The Agency is in an interim project alliance agreement phase with project partners Greater Wellington Regional Council, Hutt City Council, Taranaki Whānui, Ngāti Toa, and AECOM-Fletcher.
- 42. Affordability is a key challenge for the Riverlink programme. s9(2)(f)(iv) [Redacted]
- 43. The interim project alliance agreement phase has been extended into 2024 while work continues to address the affordability challenge. This work will use multiple levers including value engineering, independently assessing the costs, interrogating the construction programme, and exploring scope or staging options. s9(2)(f)(iv) [Redacted]

Papakura to Drury

- 44. The project will provide 4.5km of new traffic lanes in each direction and 4km of walking and cycling paths to improve highway access, safety, resilience and capacity on SH1 between Papakura and Drury. Once complete Papakura to Drury will support new development in a high-growth area and future-proof public transport infrastructure. The project is highly integrated with other transport projects being delivered by KiwiRail and the Agency in the area.
- 45. Papakura to Drury is being delivered in three stages with the first stage (1A) contractually committed and in construction and the second (1B1) and third stage (1B2) well-progressed through pre-implementation. The funding allocation for Papakura to Drury is \$714 million. s9(2)(f)(iv) [Redacted]
- 46. s9(2)(f)(iv) [Redacted]

Released under the Official Information Act 1982

s9(2)(f)(iv) [Redacted]

47. s9(2)(f)(iv) [Redacted]

Canterbury Package

48. The Canterbury Package includes six projects – three urban and three rural – to improve safety, connect communities, enable better movement of freight and future-proof for growth. Of the rural projects, two are complete and one is in implementation. The three urban projects – Halswell, Rolleston and Brougham – are in pre-implementation.

49. Canterbury Package funding is \$319 million. s9(2)(f)(iv) [Redacted]

50. s9(2)(f)(iv) [Redacted]

51. s9(2)(f)(iv) [Redacted]

Ōtaki to north of Levin

52. The project scope is a 24km four-lane offline expressway from Ōtaki to north of Levin with a shared user pathway to improve safety, network resilience and transport connections across the lower North Island. s9(2)(f)(iv) [Redacted]

[Redacted] s9(2)(g)(i) [Redacted]

53. Ōtaki to north of Levin is progressing through pre-implementation, which includes consenting, property purchase and the procurement process. Procurement of alliance (industry) partners began on 2 October 2023 with proposals closing on 16 November 2023. Preferred alliance partners will be identified by the end of 2023 with the interim project alliance phase commencing in early 2024 and the project alliance agreements signed in mid-2025.

54. Activities which take place during the interim project alliance phase include property purchase, consenting, detailed design, detailed industry resourcing and supply planning, and detailed construction cost estimation.

55. s9(2)(g)(i) [Redacted]

s9(2)(g)(i)

South Auckland Package

56. Following rescoping in 2021, the South Auckland Package was allocated \$874 million for two investment components; Drury projects – Waihoehoe Road and SH22 upgrades, and the Manukau to Takaanini Access and Safety Project (formerly Mill Road Project). These projects improve safety, provide travel choice, encourage mode shift, support high growth areas, and enable greater access to employment, schools and community facilities.
57. Joint Ministers reprioritised \$78 million of funding from the South Auckland Package to the Whangārei to Port Marsden project in April 2023, bringing the funding allocation to \$796 million.
58. Funding of \$421 million has been approved for spend to date across the package and to deliver the Drury projects – Waihoehoe Road and SH22 upgrades. The Drury projects are currently progressing through pre-implementation with future decisions required to start physical works procurement in December 2024 and March 2025. These projects are highly integrated with other key projects in the area and support access to the three new Drury rail stations being delivered by KiwiRail, planned housing supply and local economic growth.

59. s9(2)(f)(iv)

Whangārei to Port Marsden Safety Improvements

60. The current scope is 25.3km of safety upgrades from Tarawera Road in Whangārei to the Port Marsden roundabout to improve safety, resilience, and efficiency between Whangārei and Te Hana. The project has a funding allocation of \$270 million, of which \$78 million was reprioritised from the South Auckland Package. This project has been paused, awaiting direction from the incoming Government.

Supporting Regions Programme

61. As a key partner in supporting regional economic development, the Agency is delivering Crown-funded projects on the state highway network funded by the Provincial Growth Fund, Regional Investment Opportunities (branded regional NZ Upgrade Programme) and the COVID-19 Response and Recovery Fund (shovel ready projects).
62. An infographic overview of these regional projects is provided in Attachment 4.

The Provincial Growth Fund (PGF)

63. Since 2017/18, the Agency has been delivering on our commitments as a key PGF partner, helping to build an economy that is sustainable, inclusive and productive. There are five state highway projects funded through the PGF, totalling \$73 million, with one completed and the others remaining in delivery. The Agency also received funding to provide to councils for a significant number of PGF projects. PGF funding is administered by, and reported through, the Kānoa-Regional Economic Development and Investment Unit.

Regional Investment Opportunities (RIO)

64. In 2020, Ministers approved RIO funding of \$88 million for thirteen state highway projects to contribute to a safer and more resilient transport network and support regional development. Ten projects have been completed, with two currently in delivery and one in pre-implementation. RIO funding is administered by, and reported through, the Kānoa-Regional Economic Development and Investment Unit. RIO funded projects are branded as NZUP's regional package.

COVID Response and Recovery Fund (CRRF)

65. In 2020, Ministers approved CRRF funding for four state highway projects to support post-COVID rebuild and to boost domestic employment. The funding is administered by, and reported through, Crown Infrastructure Partners (CIP). This fund is governed by the Infrastructure Reference Group (IRG) comprised of the Minister of Finance and the Minister of Infrastructure, as well as Associate Ministers of Finance (IRG Ministers).
66. The Agency and CIP have entered into a funding agreement for CRRF approved state highway projects. Per this funding agreement, the Agency carries the cost-risk and must work through alternative funding options in the first instance to fund any cost overruns (such as the NLTP).
67. Key milestones achieved include the completion of two CRRF projects, with the remaining two in delivery. The Agency is also involved in the delivery of the CRRF funded North-Western Busway Improvements project, led by Auckland Transport.

Theme 2: Emissions reduction and public transport

Climate Emergency Response Fund (CERF) delivery programme

68. The Government established CERF as an ongoing, multi-year funding mechanism to support New Zealand's transition to a low-emissions and climate-resilient economy in a way that protects vulnerable communities in line with the Emissions Reduction Plan (ERP) and National Adaptation Plan (NAP). It comprises revenue from the New Zealand Emissions Trading Scheme.
69. The CERF may be used to support the implementation of transport activities with a focus on emissions reduction and/or mitigating the impacts of climate change, as a means of supplementing GPS investment.
70. Through Budget 2022, the Agency originally received \$1.3 billion from the CERF to deliver key ERP-committed transport emission reduction initiatives. This was adjusted to \$543 million owing to subsequent funding reductions.² Budget 2023 provided \$374 million additional funding, bringing the Agency's CERF delivery programme funding to approximately \$920m.³
71. The Agency manages the CERF funded initiatives it is responsible for as a single CERF Programme, initially with four delivery programmes:

² This included \$21 million in returned Community Connect surplus, and the closing of the Vehicle Transition Programme, which returned \$550 million to the Crown.

³ The additional Budget 2023 funding included \$49.3m for Tranches 2 and 3 of the Recruiting & Retaining Bus Drivers initiative out to 2026/27; \$268m for Community Connect Under 25 & Under 13 Concessions (out to 2026/27); \$48m for Community Connect Total Mobility Concessions (to 2026/27); \$2m for Community Connect Local Share Funding Shortfall (to 2023/24 only); and \$7m for Community Connect Administration costs (out to 2026/27). This also included \$550m in returned funding from the closure of the Vehicle Transition Programme and \$21m returned from a Community Connect surplus for the 2022/23 year.

- Transport Choices
- [Light] Vehicle Kilometres Travelled (VKT) reduction planning
- Public Transport
- Vehicle Transition (now ceased).

72. 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 allocation. Further information about each of the Agency's three CERF delivery programme follows.

Transport Choices

73. Transport Choices aims to deliver more transport options for local communities at pace, using cost effective standardised solutions.
74. Total approved funding for the Transport Choices delivery programme is \$305 million (to 30 June 2024), of which \$278 million is available to Councils to fund Transport Choices projects.
75. Council interest in the programme is strong. The Agency received more than 125 projects for consideration from councils in August 2022.
76. Good delivery progress is being made on Transport Choices, with key projects under construction and remaining projects having submitted their final designs for consideration. In September 2023, the Minister of Transport and Minister of Finance granted a 12-month extension to all Transport Choices initiatives, taking the delivery deadline through to June 2025.

Light Vehicle Kilometres Travelled (VKT) reduction planning

77. The Agency's VKT reduction planning programme gives effect to committed actions under the ERP to reduce reliance on cars, and support people to walk, cycle and use public transport.
78. Through Budget 2022, the Agency received \$22.5 million to progress its VKT initiatives. In August 2023 the Government asked the Agency to identify \$50 million of savings from the total appropriation being used to fund the programme. The VKT programme allocation was therefore reduced by \$7 million, meaning the current total is \$15.5 million. The programme primarily comprises developing:
- a national VKT reduction plan to achieve targets set under the ERP (a 20% reduction in light VKT relative to predicted levels of travel in 2035). The plan remains in draft until reviewed by the Minister of Transport and approved by the Agency's Board.
 - Tier 1 Council Urban VKT Reduction Programmes. The Agency is working closely with local government and iwi in each Tier 1 urban area to develop urban VKT reduction programmes by 30 June 2024.
79. As of 31 October 2023, \$3.9 million of VKT programme funding has been spent (from \$8.8 million in funding commitments), with a further \$3 million forecast to be drawn down by June 2024.

Public Transport

80. The Agency does not directly provide public transport. However, it has a pivotal role in enabling these services through planning, policy and investment activities. The Agency works closely with

the Ministry of Transport, councils, public transport authorities (PTAs) and other stakeholders on initiatives to maintain and improve the national public transport network.

81. The Agency's public transport investment is predominantly progressed through the NLTP and funded through the NLTF.
82. The Agency has received significant Crown funding for key public transport related initiatives, as detailed in the following sections.

Public transport bus decarbonisation

83. In January 2021, the then Government announced it would require that only zero-emission public transport buses be purchased from 2025 and set a target for the complete decarbonisation of the public transport bus fleet by 2035.
84. To address high upfront purchase costs, PTAs, such as regional councils and Auckland Transport, can apply for financial support from a contestable fund to purchase zero-emissions buses and supporting infrastructure. The Agency administers this fund.
85. The first round of applications closed in June 2023, with successful applicants announced in September 2023. The Agency has signed funding agreements totalling \$17.2 million with Greater Wellington Regional Council, Environment Canterbury and Taranaki Regional Council. [REDACTED]

[REDACTED]

Retaining and recruiting bus drivers

86. Bus driver recruitment and retention challenges negatively impact the reliability and overall service levels of our public transport system. The Agency worked successfully with PTAs to implement an uplift to the Living Wage for all urban bus drivers over 2021/22, however the industry continued to experience high attrition levels and difficulty attracting new staff.
87. Significant funding pressures on the 2021-24 NLTF meant the Agency was unable to fund any further wage increases. Crown funding of \$61 million was approved through Budget 2022 to address bus driver recruitment and retention, with a further \$49.3 million approved through Budget 2023. The first funding tranche aims to increase base rates to \$30/hour for drivers in urban areas and \$28/hour for regional bus drivers, with subsequent tranches to focus on further supporting wage uplifts, enhancing bus driver safety, and workplace improvements. The Agency has worked closely with industry to progress the desired uplift in bus driver wages as part of Tranche 1.
88. As of October 2023, the \$61 million has been committed via funding agreements with PTAs for the uplift in bus driver base wages through to 2025/26. These PTAs have committed to legal contract variations with bus operators to give effect to the wage increases. The wage increase is supported by co-funding from PTAs and operators have committed to funding future wage increases in line with the labour component of the Agency's bus index.
89. This funding has contributed to reducing the nationwide bus driver shortage from almost 900 drivers at the end of 2022 to almost zero in August 2023, including completely resolving the bus driver shortage in Auckland where the problem was most acute. As drivers were recruited and retained, this led to commensurate improvements in reliability, with cancellation rates reducing from approximately 15 percent in late 2022, trending towards zero at present.

90. s9(2)(f)(iv) [REDACTED]

Community Connect Programme

91. This targeted package aims to make public transport more affordable, particularly for lower-income New Zealanders. Budget 2022 included \$98 million to support half price fares for Community Services Card (CSC) holders over a four-year period. There are approximately 1.1 million CSC holders in New Zealand, with eligibility determined primarily by income. People who are living in public housing and those on certain benefits, including the Child Disability Allowance and Unsupported Child's Benefit, are also eligible.
92. The Programme was extended with \$327.4 million additional funding through Budget 2023. The funding provides permanent free public transport for children aged 5 – 12 (under 13s), half-price public transport fares for 13-24 years-olds (under 25s) and half-price Total Mobility fares for Total Mobility Scheme passengers. Total Mobility is a bespoke transport service available to people who are unable to use public transport due to an impairment.
93. As of October 2023, Community Connect Programme funding is committed via funding agreements with all PTAs except Marlborough. Over Quarter 1 of 2023/24, there were approximately 13.7 million Community Connect public transport boardings (36% of all boardings in this period), which aligns with pre-implementation estimates.

Low Emissions Vehicle Programme

94. The Programme's purpose is to address carbon dioxide (CO₂) transport emissions to aid in wider climate change objectives. It comprises the Clean Car Discount (CCD) and Clean Car Standard (CCS).
95. CCD is targeted at vehicle buyers and encourages the purchase of zero and low-CO₂ emission vehicles. Vehicles with high CO₂ emissions are charged a fee, while lower emission vehicles attract a rebate. The lower the CO₂ emissions, the greater the rebate and, conversely, the higher the CO₂ emissions, the greater the fee. The CCD is applied when the vehicle is first registered in New Zealand. Car dealers who on-sell vehicles to buyers are not permitted to retrieve CCD rebates – eligibility is reserved for buyers only. As a self-financing scheme, the CCD's rebates and fees require regular review and adjustment to ensure fees generate enough revenue to fund the Scheme's rebates and administration costs.
96. While the CCD is designed to function as a self-financing scheme, rebates were first made available for eligible vehicles from 1 July 2021, while fees were not implemented until 1 April 2022. Crown funding was needed to establish the CCD, to cover the rebate costs during the period fees were not collected and to meet the Agency's administration costs. A Crown repayable grant of \$301.4 million was used to get the CCD up and running, with an additional Crown repayable grant of \$100 million provided through Budget 2023.

97. Over time, fees collected are expected to meet the costs of rebates and the CCD administration⁴, with any residual used to repay any Crown funding provided under the scheme. The current balance of the repayable Crown grant outstanding is \$115.7 million.
98. The Agency prepares monthly financial reports on CCD spending. As of October 2023:
- more than 163,000 rebates have been paid to customers who have purchased a low-emission vehicle, totalling over \$552m.
 - Average CO₂ emissions for registered vehicles has fallen from 186g/km (May 2021, pre-CCD) to 128 g/km and average safety ratings for registered vehicles have increased from 4.42 to 4.64 stars over the same period.
99. The CCS took effect on 1 January 2023, and is aimed at vehicle importers to encourage a greater supply of zero- and low-CO₂ emission vehicles. Under the scheme, vehicle importers are charged for vehicles they import that have CO₂ emission to weight ratios above a set legislated target. Conversely, vehicles with CO₂ emissions to weight ratios below a set legislated target generate credits. The CCS applies at the point of vehicle entry certification. Unlike CCD rebates, CCS credits can only be used to offset charges or transferred to other importers.
100. Crown funding (\$54m in operating funding through Budget 2021 and \$13m through Budget 2023) supports the Agency to deliver the CCS.
101. As of 30 October 2023, 204,000 vehicles have been imported under the CCS. 87,000 vehicles have incurred a charge and 116,000 have generated a credit. This has resulted in a 4.38 million credit surplus across the scheme.
102. The next significant CCS milestone is 1 January 2024, where the annual CO₂ emission targets for importers reduce for both passenger and commercial vehicles.

Theme 3: Resilience and Recovery

Transport Resilience Fund

103. The Transport Resilience Fund is a \$419 million investment package that is designed to proactively invest in resilience improvements that will protect the transport network and keep communities connected, now and in the future. The Agency administers the Transport Resilience Fund through the Crown Resilience Programme.
104. Announced as part of Budget 2023, the fund has three components:
- *\$100 million for low-cost, low-risk (LCLR) resilience projects on state highways. These are small resilience projects that can start immediately, the intervention is not complex and the cost is likely to be \$2 million or less. Interventions include mesh installation to prevent rockfalls, stabilising slips, improving drainage, protecting against erosion and upgrading culverts. These projects will be delivered over the next four years.*

- *\$179 million for more complex resilience projects on state highways (small-to-medium).* These projects address flooding, land instability and coastal issues. These projects are likely to be at more complex risk sites and are likely to cost more than \$2 million. A business case is required for any project over \$2 million. Examples of these types of projects include green solutions, sea walls and stop banks, reinforced soil slopes, concrete pile walls, improved drainage (culverts, bridges), raising of road levels, improved revetments or armouring, realignments, and erosion control systems. These projects will be delivered over the next seven years.
- *\$140 million for resilience projects on local roads (\$20 million a year for the next seven years).* This is designed to fund the small, 'quick-win' proactive climate resilience projects on local roads. The Agency is looking for small to medium projects that can significantly reduce disruption for communities. It is unlikely that any individual projects over \$10 million will be prioritised to ensure distributional equity across councils each year. To streamline funding processes and reduce pressure for our council partners, the Agency is using the Regional Land Transport Plan (RLTP) process for councils to signal potential projects for the Transport Resilience Fund.

105. There are 94 activities programmed for 2023/24 with many scheduled to be delivered through the summer construction season.

106. Upcoming decisions will be sought from the Minister for approval of the next tranche (2024-27) of works in approximately March 2024. This will depend on the timing of RLTP responses to the final GPS.

North Island Weather Events: State Highway and Local Road Response and Recovery

107. The North Island Weather Events (NIWE) of early 2023 significantly damaged the national transport network, particularly in Auckland, Coromandel, Tairāwhiti, and Hawke's Bay. In response, the Government allocated substantial Crown funding to transport through initial emergency funding and Budget 2023, via topping up the NLTF, for response and recovery work.

108. The National Resilience Plan (NRP), released as part of Budget 2023, allocated further transport funding for NIWE response and recovery, including for local road recovery, state highway recovery, bailey bridge replacement stock and minor resilience works. Necessary works are divided into three stages: response, recovery and rebuild. Response works have been completed and we are now currently in recovery. Further funding is needed for ongoing recovery works and rebuild.

109. It is difficult to forecast NIWE expenditure accurately for local road recovery due to a range of factors. One of the most significant being that the Agency only has visibility of the funding needed after councils have submitted their requests to the Agency.

110. s9(2)(k)(iv)
[Redacted text]

111. There is also an additional \$495 million allocated as part of cost-sharing agreements with the Crown and affected councils (Auckland, Gisborne and Hawke's Bay) as part of the work of FOSAL (Future of Severely Affected Locations) to assist with local road recovery. This allocation sits outside of Vote Transport and this work is being led by the Cyclone Recovery Unit (CRU)

which is part of DPMC and is supported by Crown Infrastructure Partners. The funding allocated is to cover specific projects in each region.

112. s9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
 - [REDACTED]
[REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]

113. Further details on the NIWE are outlined in two further briefings from the Ministry and the Agency. These briefings include further information about Funding Assistance Rates (FAR) in relation to local road recovery, and further information about accessing rebuild funding.

Theme 4: Delivery efficiency

Land Transport Regulatory Services funding

114. Crown funding has been provided to achieve targeted road safety improvement interventions and ensure effective and efficient management of the driver licensing system. The following sections provide detail on the allocation of Land Transport Regulatory services funding.

Equitable Access to Driver Licensing – Driver Licensing Improvement Programme (DLIP)

115. The bulk of Land Transport Regulatory services funding comprises Budget 2022 funding of \$17 million over four years, 2022/23 – 2025/26, to improve equitable access to driver licensing. Funding is directed towards supporting New Zealanders facing the biggest barriers to driving owing to the current driver licensing system as the inability to drive can critically limit access to employment, study, health care. Note that the funding is complemented by \$69.5 million to the Ministry for Social Development for the same period.

116. Established in June 2022, DLIP is an Agency-led cross agency programme to improve driver license accessibility and equity. DLIP is cross-agency because the levers to remove or reduce driver licensing access barriers lie across several agencies. The initiative consolidates driver licensing support activities into a more sustainable package. New ways of working are being trialled in Te Tai Tokerau, Tairāwhiti and Ōpōtiki communities, with results being fed back into the programme as it develops the future state of the driver licensing system.

117. Development work on the future state of the driver licensing system is ongoing. This work supports system-wide improvements to remove navigation barriers, improve driver safety and help deliver improved wellbeing. Projects are structured into four distinct packages which focus on access, mentoring and education, improving the licensing eco-system and developing the digital driver licensing platform.

Older Driver Subsidy

118. \$1.45 million has been provided through historic budget funding to subsidise the driver license renewal process for drivers over 75 years of age. The per person subsidy has significantly dropped from \$25.20 per license renewal to \$9.94 because the number of older drivers has increased while the funding has not.
119. In 2022/23, more than 94,000 people renewed their licences through the subsidised rate, helping them to maintain their freedom, independence, and participate in social interactions with their community.

The Agency's Crash Analysis System (CAS)

120. Crown funding of \$1.56 million contributes to the annual running cost of CAS, which is New Zealand's primary tool for capturing information on where, when and how road crashes occur. The system has a wealth of data (172,600 traffic crash reports between 2018-2022) which enables users to identify high-risk locations and monitor trends, supports a wide range of reporting, monitoring and business intelligence and enables more effective design and prioritisation of road safety improvements and evaluation of interventions.
121. CAS provides the main measure for road deaths and serious injuries (DSIs) for road safety reporting, including in the Agency's Statement of Performance Expectations (SPE) reporting.
122. The Agency works to improve CAS' functionality and processing efficiency annually. Upcoming priorities include:
- Process automation, elimination of paper records, and reducing the backlog of non-injury crash records.
 - Adapting the system to specifically identify e-scooter related crashes for further analysis, as e-scooters are not considered to be vehicles under the Land Transport Act 1998.
 - Required system-wide improvements due to recent changes for assessing drivers impaired by drugs (Land Transport (Drug Driving) Amendment Act 2022).

Road User Charges and Fuel Excise Duty funding

123. The Agency is responsible for administering key aspects of the Road User Charges (RUC) and Fuel Excise Duty (FED) systems. Crown funding from land transport revenue (prior to NLTF allocation) has been provided through historic budget funding rounds to better enable the Agency to efficiently administer and enforce FED and RUC. Further detail on specific Crown funded FED and RUC initiatives is provided in Attachment 4.

It is recommended that you:

1. **Note** the contents of this briefing
2. **Advise** if you would like further information on the Crown funded initiatives outlined in this briefing, or any other aspects of Crown funded transport investment **Yes / No**
3. **Forward** this briefing to the Associate Minister of Transport **Yes / No**

Richard May

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Richard May
Chief of Staff

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Hon Simeon Brown, Minister of Transport
Date: 28 November 2023

Released under the Official Information Act 1982

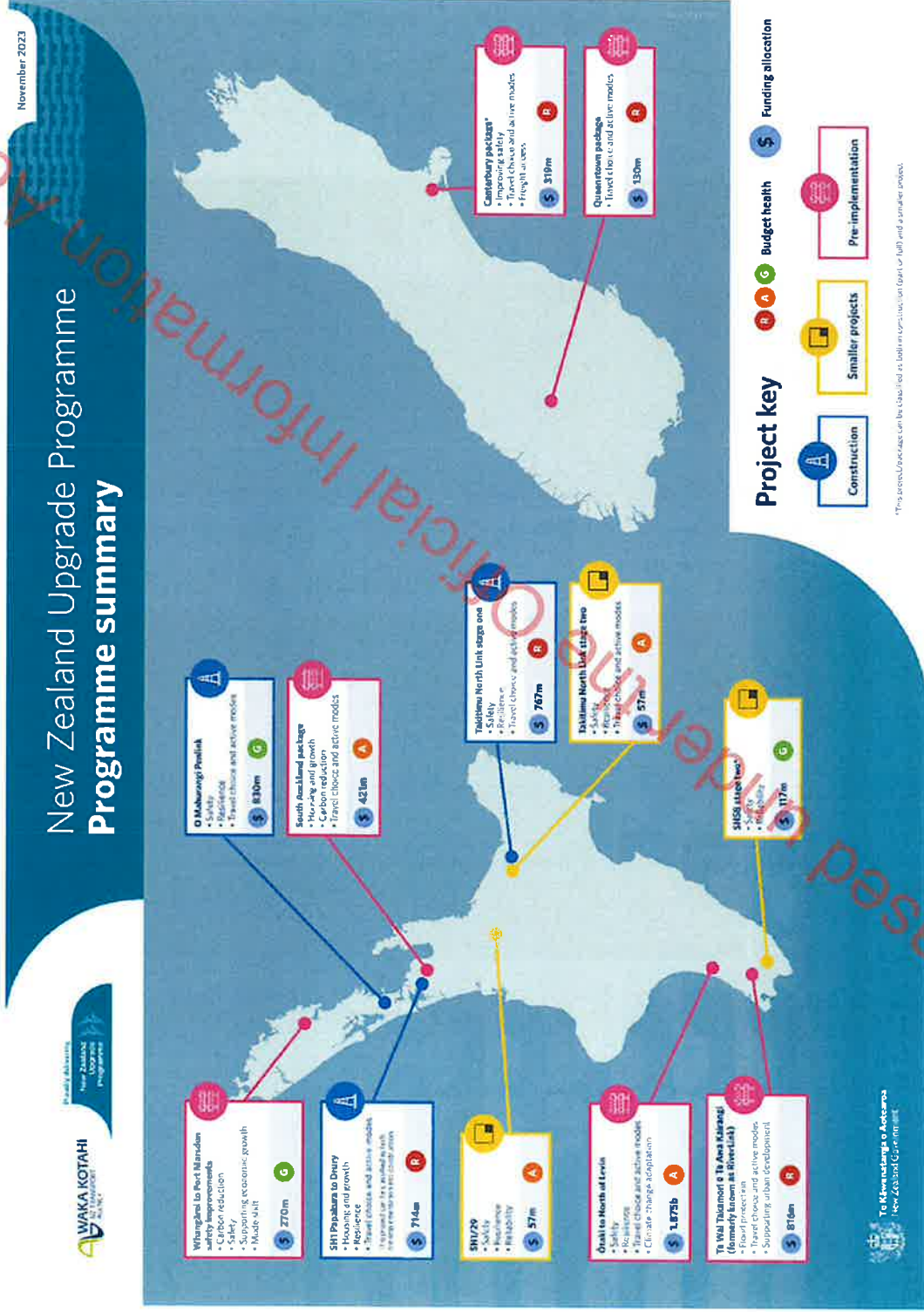
Appendix 1: Major Crown funded programme status

Programme	RAG status	Commentary
The New Zealand Upgrade Programme (NZUP)	RED	The programme status is RED . [REDACTED]
The Supporting Regions Programme	AMBER	The programme is AMBER due to slippage against original funding agreement milestones, however 70% of the programme is on track for completion in late 2024, within budget.
The Climate Emergency Response Fund (CERF) delivery programme	AMBER	The programme status is AMBER . Funding commitments for both Transport Choices and the VKT reduction planning work are paused until further direction is received from the incoming Minister of Transport.
The Low-Emissions Vehicle Programme	GREEN	The programme status is GREEN as both LEV programmes, Clean Car Standard (CCS) & Clean Car Discount (CCD), are operating in a business-as-usual state. The remaining CCS digital delivery is on track to be completed within budget by end of FY23-24.
The Transport Resilience Fund	GREEN	The programme status is GREEN as the funding is confirmed and work is underway for programming and scheduling of the Low cost, Low risk (<\$2m) projects and larger projects. This funding also includes \$140m of local government contribution within a seven year allocation.
North Island Weather Events: State Highway and Local Road Response and Recovery	AMBER	The programme is AMBER for the approved NIWE (and National Resilience Plan) funding. Funding continues to be used to support state highway and local road recovery. However, it is likely further funding for recovery will be required.

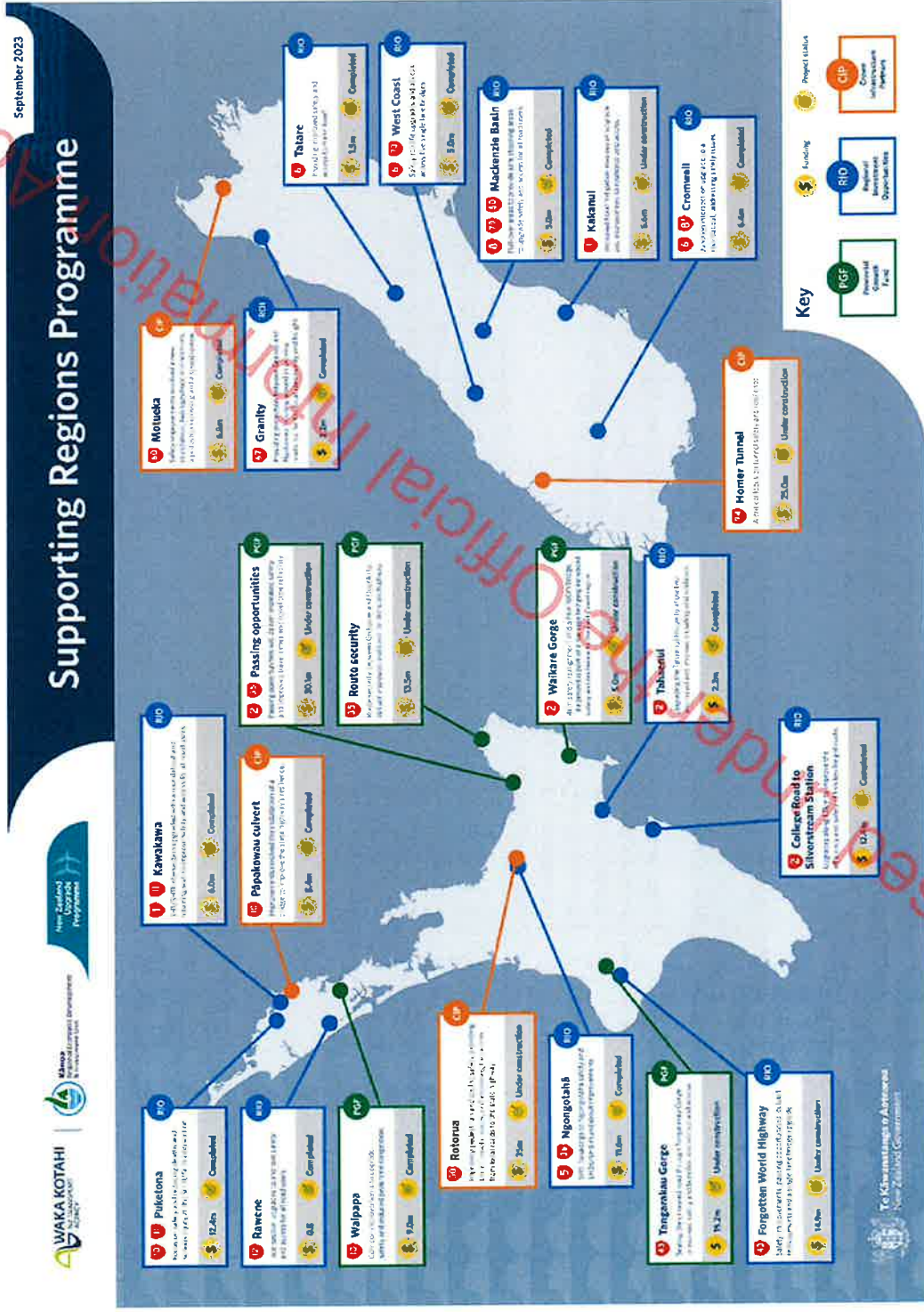
Attachment 2: Excerpt from the Agency's NZUP Monthly report - October 2023

Project & Delegated Authority(\$m)	Project YTD Spent	Project LTD Spent	% LTD Spent % of P50	P50 Allocation	P95 Contingency	Total Approved Funding*	Latest EAC range (equivalent P50 - P95)	Estimate Date	Budget Health RAG Status
Whangārei to Port Marsden	0.4	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	270	s9(2)(j)	s9(2)(j)	●
O Mahurangi Penlink	38.2	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	830	s9(2)(j)	s9(2)(j)	●
Northern Pathway Close	0.3	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	51	s9(2)(j)	s9(2)(j)	●
Papakura to Drury	36.7	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	714	s9(2)(j)	s9(2)(j)	●
Takitimu North Link Stage 2	2.7	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	57	s9(2)(j)	s9(2)(j)	●
SH1/29 Intersection	1.1	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	57*	s9(2)(j)	s9(2)(j)	●
SH2 Melling	9.0	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	816	s9(2)(j)	s9(2)(j)	●
SH58 Safety Imp Stage 2	7.2	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	117	s9(2)(j)	s9(2)(j)	●
Canterbury Package	7.7	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	319	s9(2)(j)	s9(2)(j)	●
Queenstown Package	7.7	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	130	s9(2)(j)	s9(2)(j)	●
Waka Kotahi Contingency	0	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	116	s9(2)(j)	s9(2)(j)	●
Waka Kotahi	111	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	3,477	s9(2)(j)	s9(2)(j)	●
Takitimu North Link Stage 1	52.8	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	767	s9(2)(j)	s9(2)(j)	●
SAP - SH22 Drury	0.8	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	165	s9(2)(j)	s9(2)(j)	●
SAP - Waihoehoe Rd	1.2	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	168	s9(2)(j)	s9(2)(j)	●
SAP - Mill Rd/MTAS	0.6	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	88*	s9(2)(j)	s9(2)(j)	●
Ōtaiki to North of Levin	36.5	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	●
Joint Minister	91.9	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	3,063	s9(2)(j)	s9(2)(j)	●
Grand Total	202.9	s9(2)(j)	s9(2)(j)	s9(2)(j)	s9(2)(j)	6,540	s9(2)(j)	s9(2)(j)	●

Attachment 3: New Zealand Upgrade Programme Summary – Agency led projects



Attachment 4: Status of all Supporting Regions Programme projects




Attachment 5: Additional targeted Agency-delivered Vote Transport funding initiatives

This table provides an overview of additional Vote Transport funding initiatives delivered by the Agency. These initiatives capture areas where the Agency is a joint delivery lead or are otherwise smaller and more targeted in scope. Initiatives are organised by theme, as outlined in the main briefing, although additional supporting objectives may apply. The table outlines the purpose and nature of the funding initiative, its current status (including funding remaining where applicable), and any upcoming milestones of note.

Priority Area	Initiative	Description	Current status	Upcoming milestones
Theme 2: Emissions Reduction and Public Transport	SuperGold Enhanced Public Transport Concessions Scheme	This funding seeks to improve mobility opportunities by providing off-peak public transport (bus, train, ferry) concessions for SuperGold cardholders ⁵ . Funding also covers scheme administration costs.	As of October 2023, all Crown funding for this initiative is committed via longstanding funding agreements with PTAs.	There are no upcoming milestones for this appropriation.
	Eastern Busway Project	Crown funding of \$200m has been provided to Auckland Transport (AT) for the Eastern Busway Project, which will create separate lanes for new high-frequency bus services to connect the Botany, Pakuranga, and neighbouring suburbs to the rail network in Panmure. Crown funding assists AT's local share contribution for this project. The remaining share is funded through the NLTF.	As of October 2023, all remaining funding is currently under contract with third party providers (including the Eastern Busway Alliance).	Construction on the final stretch of this project is underway.
	Ngauranga to Petone Shared Pathway project	Crown funding of \$80m has been provided to the Agency for the Ngauranga to Petone Shared Pathway	Work is now underway, with delivery being progressed through an Alliance	Construction commenced this year, with work projected to move along the coast.

⁵ SuperGold Card Holders are eligible for New Zealanders aged 65 years or over, or those who currently receive the Veteran's Pension and/or the Non-Qualified spouse or partner rate of New Zealand Superannuation.

		<p>Project, which will establish a walking and cycling link between Wellington and Lower Hutt. The pathway will also act as a resilient coastal edge, protecting key road and rail assets.</p>	<p>arrangement. Project completion is presently slated for 2026.</p>	
<p>Theme 4: Delivery Efficiency</p>	<p>Road User Charges Investigation and Enforcement</p>	<p>Introduced in 1978, New Zealand's RUC system sets a levy on heavy vehicles and all diesel-powered light vehicles. The Agency is responsible for the provision of RUC licenses, and wider administration of the RUC system.</p> <p>Crown funding of \$7.8m (2023/2024 Vote Appropriation) has been provided to enable investigations into RUC evasion and enforcement. This funding helps to accurately collect RUC information and, through education and enforcement, decrease RUC evasion levels and increase timely payments from RUC users.</p>	<p>The RUC investigations and enforcement budget was increased in FY 20/21 for two years. This increase enabled us to generate a 400% return on the money invested in the uplift (we went from recovering 65% of billed but unpaid RUC debt to collecting 80% - collecting \$15.8m net benefit over two years). A bid to continue this funding for the current FY was approved earlier in 23/24.</p>	
	<p>Road User Charges Refunds</p>	<p>Crown funding of \$3m (2023/24 Vote Appropriation) has been provided to support the Agency's RUC refund processing.</p>	<p>We are working to automate our processes where possible, which is showing benefits - processing times have been around 5 days in FY 23/24 (a significant improvement from the usual 10-20 days).</p> <p>Processing improvements have also allowed us to provide additional scrutiny on the integrity of the refund process.</p>	<p>There are no upcoming milestones for this appropriation.</p>

