TE MANATŪ WAKA
MINISTRY OF TRANSPORT

OC2240099

25 March 2024

[redacted]

Dear [redacted]

I refer to your email/letter dated 5 February 2024, requesting the following documents under the Official Information Act 1982 (the Act):

"Any documents and communications between the Department/Ministry/Agency and anyone else, relating to content to be contained in (or excluded within) the relevant Briefing to the Incoming Minister.

Any Draft copies of the Briefing to the Incoming Minister that had been prepared."

We interpreted your reference to "any documents and communications between the Department/Ministry/Agency and anyone else" to include emails and their attachments between Ministry of Transport staff and any external party that include discussion on content for the Ministry's Strategic and System Briefings to the Incoming Minister (BIMs). This does not include emails that solely relate to procedural matters such as timing for provision of content/feedback or organisation of meetings.

We interpreted your reference to "any Draft copies of the Briefing to the Incoming Minister that had been prepared" to include complete draft versions of the Strategic and System BIMs that had been prepared for review by the Ministry's Senior Leadership Team. Drafts prepared by Ministry staff for the purposes of proof reading and quality assessment have been excluded.

Eleven emails (and their associated papers) and fifteen draft BIMs fall within scope and are detailed in Annexes 1 and 2, which outline how these documents have been treated under the Act. The emails provided to you are combined with their respective attachments.

Certain information is withheld under the following sections of the Act:

- 9(2)(a) to protect the privacy of natural persons
- 9(2)(f)(iv)to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty

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

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

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

Yours sincerely,

Alec Morrison

Alec Morrison
Acting Manager, Strategy

Annex 1: Emails and attachments in scope

Agency	Email and document	Description of information withheld
Civil Aviation Authority	Email: RE Draft System BIM – CAA comments	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Draft System BIM – 13.10.23_CAA comments	None.
	Email: RE Stats for the System BIM – CAA	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	CAA high level stats for MoT	None.
Maritime New Zealand	Email: Maritime review amended draft BIM text	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Email: RE EXTERNAL Draft System BIM – MNZ 13 October	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Draft System BIM – 13.10.23MNZ	None.
	Email: RE EXTERNAL Maritime Legislative Review Project Steering Group Meeting	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Email: RE MNZ Legislative Review Project Steering Group Meeting	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	MarRev scoping steering group Draft BIM narrative	None.
	Email: FW EXTERNAL Draft Strategic BIM – MNZ 16 October	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Strategic BIM – Fourth Draft – SLT October 16 2023MNZ	None.

New Zealand Transport Agency	Email: Nov BIM development correspondence with NZTA (was FW NZT-8688 RESPONSE (2) Transport metrics	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Email: RE Draft System BIM – NZTA comments	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
Transport Accident Investigation Commission	Email: RE Draft System BIM – TAIC comments	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Draft System BIM – comments from TAIC	None.
	Email: FW Draft Strategic BIM – TAIC comments	Withheld some information under section 9(2)(a) of the Act – privacy of natural persons.
	Strategic BIM – Fourth Draft – SLT 16 October 2023	Withheld some information some information under section 9(2)(g)(i) of the Act. This includes advice the Transport Accident Investigation Commission has provided on transport safety and security.

Annex 2: Draft BIMs in scope

Version	Title	Description of information withheld
System BIM	_Draft Master System BIM_29.09.23 for SLT	Released in full.
	12. System BIM – Master Copy 4.10.23	Released in full.
	System BIM – Master Copy 5.10.23	Released in full.
	15. 20231012 System BIM - Master Copy 12.10.23 _ For Audrey	Released in full.
	Draft System BIM – 13.10.23	Released in full.
	System BIM Close to Final 3 Nov	Released in full.
	System BIM – Master Version – 16 November	Released in full.
Strategic BIM	Strategic BIM – First Draft – SLT 25 September 2023	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.
	09. Strategic BIM – Second Draft – SLT 2 October 2023	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.
	13. Strategic BIM – Third Draft – SLT 9 October 2023	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.
	16. Strategic BIM – Fourth Draft – SLT 16 October 2023	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.
	Strategic BIM – Fifth Draft – SLT 24 October 2023	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.
	Strategic BIM – Sixth Draft – SLT 30 October 2023	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.

Version	Title	Description of information withheld
	Strategic BIM 3 Nov	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.
	Strategic BIM – Master Version – 16 November	Released with redactions under sections 9(2)(g)(i) and 9(2)(f)(iv) of the Act.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Briefing to the Incoming Minister (System) | He pepa whakamōhiotanga mō te Minita

Ministry of Transport Te Manatū Waka

November 2023

Contents

Appendices

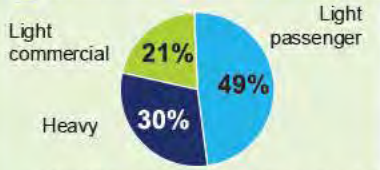
A snapshot of your portfolio

Jobs

Around 200,000
New Zealanders are employed in transport-related industries

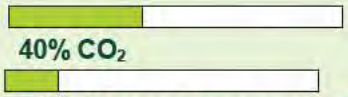
(5% of the workforce)

Environment



GHG emissions by vehicle type

Domestic transport share of emissions



Roads

11,201km
of state highways

86,152km
of local roads

4.8 million
registered vehicles in the fleet

374 road fatalities
in 2022

3.8 million
licensed drivers at 1 July 2023

250,000
new licenses issued annually

16% public transport < **43%** by car
% of jobs that are accessible within 45 minutes during weekday morning peak (2022/23)

Auckland 25.8%
Wellington 15.8%
Christchurch 23.6%
% of population with access to frequent public transport services (2021/22)

Rail

4,100km
of rail line

10 rail fatalities
in 2022

74.9%
of all journeys made on strategic freight and tourist routes achieved the predictability travel time target (2022/23)

Maritime

$65.8 billion worth of NZ's exports

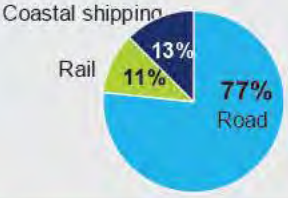
$70.7 billion of imports are carried by sea (2022/23)

$6.5 billion
marine economy contribution to New Zealand's economy (2021/22)

37 maritime fatalities
in 2022

Freight

Share of domestic freight 2018/19 (Net tonne km)



Aviation

11.85 million
passengers screened at aviation security in 2022/23

88%
of passengers processed within 10 minutes

2,022 aeroplanes
902 helicopters
332 amateur-built aeroplanes

358,346
commercial passenger flights in 2022/23

Compared with:

253k in 2021/22
382k in 2019/20 (pre-COVID)

3 aviation fatalities
in 2022

Safety

30 million km²
extent of NZ's search and rescue region - one of the largest in the world

17 to 27 reports
on domestic inquiries published by TAIC each year

Shaping New Zealand's transport system

Introduction

This briefing describes your role and responsibilities as the Minister of Transport, along with those of the Ministry of Transport Te Manatū Waka (the Ministry), government transport agencies, transport Crown entities, State-Owned Enterprises (SOEs), and key stakeholders you will work with. It also outlines the tools available to you for influencing the transport system and enabling better outcomes for everyone in New Zealand.

This briefing should be read with the *Strategic Briefing to the Incoming Minister*.

The transport portfolio

The transport system is a significant part of New Zealand's economic and social infrastructure, providing the links that help establish and sustain the economy and society.

The transport system includes:

- vehicles that move people and products
- physical infrastructure (eg, airports, seaports, the rail network, roads, busways, cycleways)
- transport services (eg, public transport, bike-sharing, ride-sharing)
- digital infrastructure (eg, satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- institutions and regulatory systems that influence how the transport system functions and develops (eg, through their management practices, rules, policies, and investment tools).

Transport is a delivery arm of many broader government strategies, and many key government priorities will not be achieved unless transport plays its part: reaching New Zealand's emissions targets, growing the economy and connecting to markets, and enabling economic and social mobility in New Zealand's cities, towns and regions. Transport cannot achieve these priorities by itself, but its absence can slow or prevent their delivery.

Your role in the system

As the Minister of Transport, you have a range of responsibilities, some of which you must do by law. These responsibilities provide you with opportunities to influence the system. Your role as the Minister is to set the overall direction for the transport system, including through:

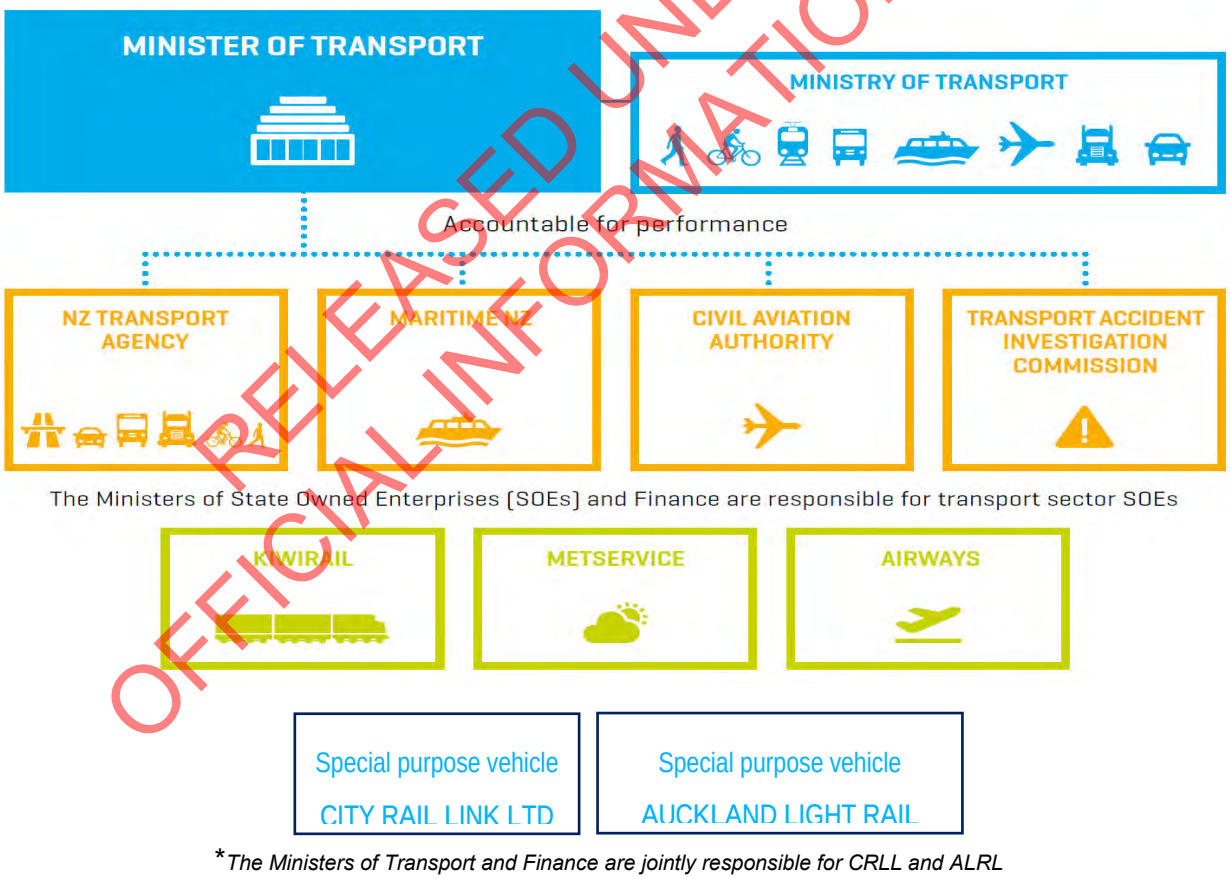
- setting the overall direction for investment in the land transport system through the Government Policy Statement on land transport (GPS)
- setting the regulatory framework by developing legislation and regulation
- appointing board members to the transport Crown entities, setting their expectations and overseeing their delivery and performance
- seeking Cabinet's agreement to the rates at which fees, charges, and levies are set. These are critical decisions because they determine the resourcing available to the transport agencies to deliver their regulatory responsibilities.

The different parts of the transport system

Central government is heavily involved in the transport system as a planner, funder, partner, and regulator. A major part of your role will be working with transport sector agencies to help deliver the Government's objectives. These include:

- the Ministry is a government department
- Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) are transport agencies
- the Transport Accident Investigation Commission (TAIC) is an independent Crown entity and Standing Commission of Inquiry
- three SOEs: KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService)
- Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004. Additionally, City Rail Link Limited (CRLL) is the sole company under Schedule 4A of the Public Finance Act 1989, jointly established by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL).

You have different roles and responsibilities in relation to each of these agencies.



**The Ministers of Transport and Finance are jointly responsible for CRLL and ALRL*

Figure 1 Relationship between you, the Ministry, SOEs and agencies

Measuring progress and using evidence

The Transport Outcomes Framework

The Transport Outcomes Framework (the Framework) sets out a way of assessing the sector's performance and measuring progress against a range of outcomes (see Figure 2). There are five inter-related outcomes, and the Framework is closely aligned with the Treasury's Living Standards Framework. The Ministry developed the Framework with input from sector stakeholders.

The Framework provides a consistent approach to assessing the effectiveness of policy proposals and delivery. It helps us understand transport's many areas of influence across society and the economy and be more explicit about the trade-offs between the outcomes that are sometimes required. Because the outcomes are inter-related, they need to be met through a range of interventions. Different Governments can place their own emphasis across the outcomes and there is no single 'right' approach.

To support the Framework, there is a set of quantitative indicators to track transport's contribution against the five outcomes over time.

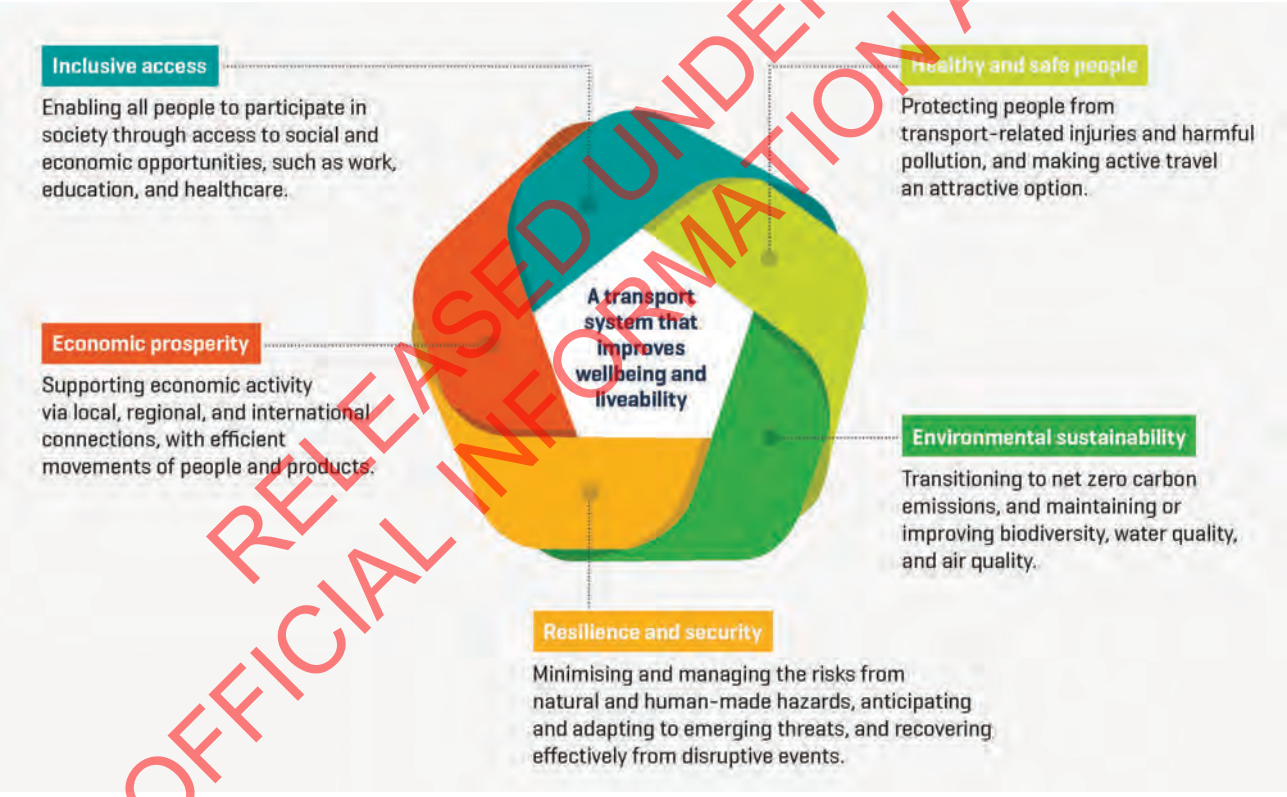


Figure 2 The Transport Outcomes Framework

Supporting policy development with data and modelling

The Ministry, transport agencies and SOEs have access to data and analysis from numerous datasets, including vehicle fleet statistics, freight movement, and emissions data. This means we can offer evidence-based insight into trends, future projections, and possible impacts of policy decisions.

We can help you understand the implications of your decisions on the transport system, from modelling the impacts, to monitoring and evaluating the effectiveness of policies and investment in infrastructure. For example, the Ministry has developed a **National Transport Model** (Monty) to understand how people interact with the transport system. Monty will allow the impacts of potential and current policies to be evaluated in much quicker timeframes, with greater accuracy of their impact on the entire population and will give a richer understanding of the impacts of transport policies across multiple sectors.

The **Ministry's Transport Sector Monitoring Framework** provides a consistent approach to monitoring how well services or interventions are being delivered, whether they have been delivered in a timely and fiscally responsible way and if outcomes have been achieved.

The **Transport Evidence Base Strategy** (TEBS) and the **Decarbonising Transport Research Strategy** (DTRS) set out the paths to ensure the transport sector has the right data, information, research and evaluation to support policy decisions. Implementing the TEBS and the DTRS is the responsibility of transport agencies (eg, through the Land Transport Sector Research Programme managed by Waka Kotahi) and SOEs, working alongside local government and other stakeholders.

Key transport responsibilities

As the Minister, you have a range of levers to influence the transport system. There are differences in the way the various levers are exercised for each mode, and each mode has its own regulatory model. The Ministry's advice will always focus on how you can achieve your objectives.

You are responsible for 20 transport Acts which set out:

- the roles and functions of the Ministry, transport agencies and TAIC, and SOEs
- the planning and funding arrangements for land transport
- the roles and powers of local authorities for transport activities and road controlling authorities
- licensing and certification arrangements for transport system participants and users, vehicles and technology
- the requirements for making transport regulations, rules, and transport instruments
- compliance tools to promote adherence to safety, security and environmental requirements across transport modes.

Investment and revenue

Investing in transport infrastructure is a priority for any Government. Investment comes from a range of funding sources, including the National Land Transport Fund (NLTF) revenue, local authority funds, Crown funds, sector funding, and loans. This investment is used to build, operate and maintain transport networks and services and influence how people travel.

The GPS allows you to guide investment from the NLTF

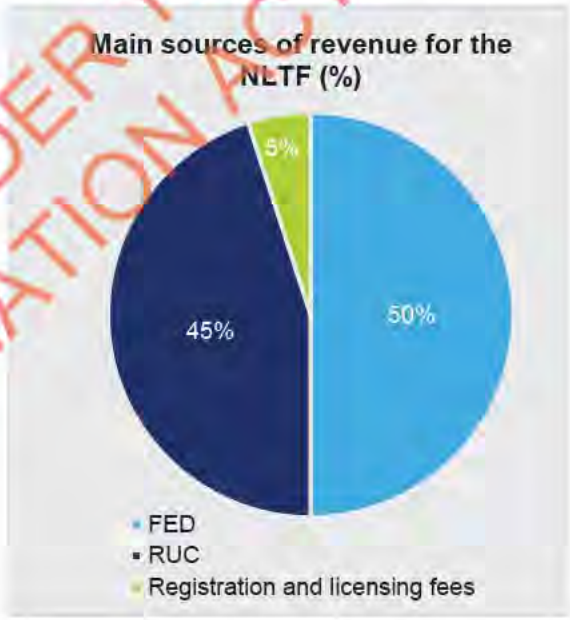
The Land Transport Management Act 2003 (LTMA) requires you to issue a Government Policy Statement on land transport (GPS). This statutory document allows you to outline what the Government wants to achieve in land transport, and how it expects to see funding allocated between types of activities (eg, roading, public transport and road safety) across the land transport system. The NLTF can be used both to maintain a level of service and drive change on the land transport network, while delivering value for money. This is done through applying the Ministry's value for money assessment model in the appraisal and evaluation process and establishing funding ranges for activity classes. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years.

The LTMA gives Waka Kotahi statutory independence to select projects for the National Land Transport Programme (NLTP). However, the GPS can set an expectation for Waka Kotahi to consider government programmes and priorities when allocating funding through the NLTP.

The NLTF is mainly funded by motor vehicle users

The NLTF is administered by Waka Kotahi and collects about $4.2 billion per annum. The main sources of revenue for the NLTF are:

- Fuel Excise Duty (FED) is a tax applied at a rate of 70c/l to petrol and 10.4c/l to liquid petroleum gas.
- Road User Charges (RUC) is a distance-based charge applied to diesel vehicles and heavy vehicles over 3.5 tonnes. Different RUC rates apply to vehicle classes depending on weight and axle configuration and range from $76 to over $1,000 per 1,000km travelled.
- Motor vehicle registration and annual licensing fees.



Revenue from the NLTF is invested in state highways, coastal shipping, local roads, road policing, walking and cycling, public transport, and the rail network. Local government contributes funding towards activities in the NLTP that it is responsible for delivering.

You are responsible for approving Waka Kotahi's recommendations for funding road policing activities. National rail network maintenance and renewals are also funded through the NLTF as part of the GPS's Rail Network activity class. KiwiRail is required to prepare a Rail Network Investment Programme (RNIP) every three years, and you are also responsible for approving the Programme.

Section 9 of the LTMA also allows for some land transport revenue to be used for other purposes, subject to the approval of the Minister of Transport (the Minister) and the Minister of Finance. This includes search and rescue and recreational boating activities, Waka Kotahi's regulatory function, and activities to maintain the integrity of the land transport revenue system. Agencies that receive funding through this avenue include the Ministry, Waka Kotahi, MNZ and some non-governmental organisations, such as Coastguard and Land Search and Rescue NZ.

You can adjust the rate of charges and duties for the NLTF to meet your priorities

RUC rates are set through the RUC Rates Regulations 2015, and changes must be confirmed by Parliament. FED is generally set through amendments under the Customs and Excise Act 2018 and sometimes by an Order in Council.

Crown funds can supplement transport revenue and be used to purchase specific projects or programmes

It is no longer possible for investment in the land transport sector to be met solely from the NLTF. Increasingly, the Crown has made direct investments in specific transport activities through the annual budget process led by the Minister of Finance.

Unlike investment from the NLTF, where the Waka Kotahi Board has an independent role in overseeing and monitoring expenditure, Ministers are accountable for Crown-funded activities. Ministers have decision-making rights when changes are needed to the budget, scope or timeframes for these projects. While bodies like Waka Kotahi or KiwiRail may deliver Crown-funded activities and investment programmes, the Crown usually establishes additional oversight arrangements for any projects or programmes with Crown funding, such as the NZ Upgrade Programme. These arrangements give Ministers assurance the intended investment outcomes are being achieved.

The CAA and MNZ are primarily funded from fees, charges and levies collected from passengers and participants in the aviation and maritime sectors.

Economic and educational tools

You can use travel demand management tools to drive behaviour change within the transport system

Pricing and other economic tools can be used to encourage more efficient use of the network and can be used by local government to influence travel choices and decisions. Such tools include differential charging of public transport (eg, reduced off-peak fares), subsidised public transport fares, tolling, congestion charging, and parking fees.

Tolling, for example, can contribute to the cost of building and maintaining new roads. You are the key decision maker and responsible for recommending to the Governor-General that a new road be tolled under the LTMA. The Ministry will provide advice on tolling proposals, liaise with the Road Controlling Authorities, and advise on the legislative process to establish a tolling order.

Information and education can help people to make more informed travel decisions. Examples of these include travel planning apps, social media marketing, information provision, and mass media campaigns. The greatest benefits are often achieved when economic and educational instruments are used alongside complementary measures, such as infrastructure provision and legislative change.

Regulation

You have a range of tools in the transport regulatory system to deliver durable transport outcomes

Transport regulation gives confidence to those who use the transport system. It creates an enabling environment for firms and individuals, protects the rights, safety and security of citizens, and ensures the delivery of public goods and services.

The system is comprised of primary and secondary legislation (which includes regulations, rules, and other instruments) and local government by-laws[1]. You are responsible for the passage of primary transport legislation through Parliament. The Ministry supports you to do this.

Regulations set out associated offences and penalties, fees, and charges

Transport regulations mainly set out the associated rule-related offences and penalties, and fees and charges that fund the work of the transport agencies. The Ministry leads the development of these with involvement from transport agencies and SOEs, and the NZ Police depending on the subject. Regulations must be approved by Cabinet.

Transport rules contain detailed standards, requirements and procedures that govern transport activities

Transport rules are the most common form of delegated legislation for transport. Rules contain detailed technical standards, requirements, and procedures governing transport activities within modes. You are empowered under primary legislation to make these rules. You are expected to advise Cabinet you intend to make a rule if there would be wide-ranging impacts. There is an expedited rule making process where urgent changes can be made by Order in Council.

The transport Crown entities develop most transport rules with the Ministry's support, but the Ministry leads policy development on significant rules.

Transport instruments support a more flexible regulatory system

Transport instruments improve the flexibility of the rule-making process by having more customised consultation requirements, meaning changes that only affect a small number of transport users can be progressed quickly. Transport instruments are more easily amended in response to technological innovation.

[1] As Transport Minister you have powers to amend, replace or disallow some local government by-laws.

Transport instruments are outlined in a rule made by you as the Minister of Transport, with the design and management delegated to a specified official (such as the Director of the relevant transport agency). Several transport instruments exist in Maritime legislation, with more planned in other modes as part of work on secondary legislation. The Civil Aviation Act 2023 (which comes into force in 2025) also empowers the Minister to create transport instruments.

Your statutory functions

As the Minister, you have statutory functions under both maritime and civil aviation legislation. For instance, under Civil Aviation legislation, you are:

- the licensing authority to grant scheduled international air services licences to New Zealand international airlines
- responsible for designating countries or territories for open aviation market licences
- responsible for authorising airline alliances.

Under the Maritime Transport Act 1994, you are responsible for authorising the carriage of coastal cargo by foreign ships, if you are satisfied that there are no New Zealand ships or ships chartered to a New Zealand-based operator capable of carrying the domestic cargo.

In addition to the statutory functions exercised by you as the Minister, statutory functions are exercised directly by the Secretary for Transport. The Secretary for Transport is:

- the licensing authority for foreign international airlines operating to/from New Zealand
- the licensing authority for open aviation market licences (after the designation by the Minister)
- responsible for authorising commercial non-scheduled international flights.

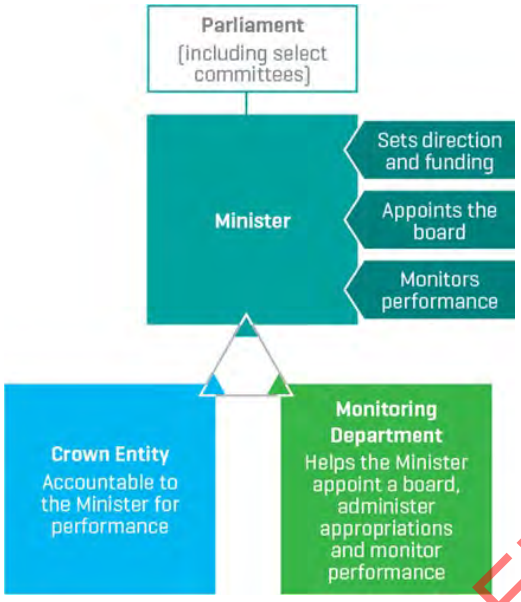
Waka Kotahi, the CAA and MNZ also have statutory positions (Director of Land Transport, Director of Civil Aviation and Director of Maritime NZ) that have legislative functions, powers and duties in relation to regulatory activities in their sectors. In some cases, those functions, powers and duties must be exercised independently, such as enforcement. These are known as statutorily independent functions.

Crown monitoring, assurance, and oversight

You have a role in appointing board members to the transport agencies and transport Crown entities, setting expectations for them and monitoring their performance.

Crown entity monitoring and oversight is a key mechanism to deliver your priorities

The majority of service delivery and regulation in the transport sector is carried out through the transport Crown entities and companies: Waka Kotahi, MNZ, the CAA, Auckland Light Rail (ALR) Limited and CRLL[2]. TAIC delivers independent, no-blame safety investigations of accidents and incidents. Crown entities and companies operate with varying levels of statutory independence from their Responsible Minister because of the nature of their roles and functions.



Your role as the responsible Minister of these entities is to oversee and manage the Crown's interests in, and relationship with those entities. While you are ultimately accountable, the boards you appoint to these are primarily responsible for their performance.

The Ministry is your monitoring agent for the transport Crown entities. The roles and responsibilities of the Minister, Crown entity and monitoring department are summarised in Figure 3 and outlined further within the *It Takes Three Framework*[3].

Figure 3 Roles and responsibilities of the Minister, Crown entity and monitoring department

You have a role in overseeing the delivery and performance of key transport agencies

Your oversight role, supported by the Ministry, helps to ensure the transport Crown entities are effectively performing their functions, many of which deliver critical services to New Zealanders. Below are a range of accountability mechanisms that the Ministry will advise you on to assist you in overseeing the transport Crown entities and meeting your statutory responsibilities.

2 Note that MetService, KiwiRail and Airways fall within the State-Owned Enterprises portfolio instead of your Transport portfolio. Monitoring over all three is undertaken by the Treasury.

3 https://www.publicservice.govt.nz/guidance/it-takes-three-operating-expectations-framework-for-statutory-crown-entities/

The capability and performance of the transport entity boards is critical in delivering your priorities and expectations

Each Crown entity and company is governed by a board. There are a maximum of 73 ministerial appointed positions across the transport sector. This is comprised of up to 42 positions on Crown entities and companies, two medical convener positions, and 29 advisory committee positions. TAIC Commissioners are appointed by the Governor-General on your recommendation and also act as the members of that entity's Board.

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power, perform the functions of each entity and hold responsibility for the operational decisions of their entities. You appoint (or recommend the appointment of) and oversee those boards as the responsible Minister and are assisted by the Ministry as your monitoring agent.

Before appointments fall due, we will provide you with advice to support the appointment and re-appointment of board members. As part of this process, we will provide you with an overall assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective, and high performing.

Table 1 Accountability mechanisms

Accountability Mechanism	Description
Letter of Expectations	Your primary mechanism to set priorities and performance expectations on an annual basis. You can expect to receive draft letters from the Ministry around October/November each year. These letters are sent out well in advance of the financial year so Crown entities can respond effectively.
Statement of Intent	Sets out the entity's strategic intentions against the Government's priorities and direction. The Statement of Intent is developed by an entity for at least a four-year period.
Statement of Performance Expectations	Sets out the entity's annual delivery and performance expectations against your Letter of Expectations and the Statement of Intent. Entities are required to provide their final drafts of their Statements of Performance Expectations for your comment before 1 May each year.
Annual Report	Sets out entities' annual non-financial and financial performance against the expectations set out in the Statement of Performance Expectations. You can expect to receive annual reports from each entity around October.
Quarterly reporting	Performance reporting provided by the entity against the priorities and expectations set out in the Statement of Performance Expectations.

You will have regular meetings with Crown entity chairs to discuss entity governance, performance and key risks. The Ministry will provide you with advice to assist in your engagement.

The Ministry conducts other assurance, funding, contracting and review activities

In addition to overseeing and monitoring the Crown entities and companies on your behalf, the Ministry also conducts other activities for government transport initiatives and programmes, Crown entities and Crown companies. This includes, for example, providing advice on and monitoring programmes such as the NZ Upgrade Programme, the Climate Emergency Response Fund (CERF), and managing the MetService contract to ensure New Zealand has a service that fulfils the World Meteorological Organization Technical Regulations.

The Ministry uses the **Transport Sector Monitoring Framework,** which provides a structured approach to monitor interventions. This is used to assess entity governance, capability and performance, how entities communicate information to the board, their assurance mechanisms for key projects and programmes, and whether the board is receiving the necessary information from an entity. The approach is informed by your priorities and the Ministry's assessment of key risks for each entity.

Influencing the international environment

New Zealand's transport regulatory systems are significantly shaped by international obligations, standards and recommended practices. New Zealand benefits strongly from international transport regulatory frameworks, which underpin our international connections and facilitate our trade in goods and services.

The Ministry and the Crown entities work together to:

- monitor and understand what is happening internationally, and how it affects, or may affect, New Zealand's transport system
- influence relevant international standards to protect and promote New Zealand's interests
- ensure New Zealand meets its international transport commitments.

A wide range of international organisations influence New Zealand's transport settings. Some of the key organisations the Ministry and transport agencies work with, and their role, are:

- **International Civil Aviation Organization - ICAO:** sets standards and regulations for the aviation sector - international safety, security, and environmental protections (under the Chicago Convention).
- **International Maritime Organization - IMO:** sets standards and regulations for the maritime sector (international safety, security, and environmental protections).
- **International Labour Organization - ILO**: sets standards for work and employment, including on ships (under the Maritime Labour Convention).
- **United Nations working parties**: New Zealand has obligations as a party to two United Nations Agreements relating to road vehicle standards. Under these agreements, regulations and standards are set to improve road safety and facilitate international trade.
- **World Meteorological Organization - WMO:** New Zealand's obligations under the World Meteorological Organization, the United Nations specialised agency for weather, climate, and water, are fulfilled by way of the Ministry's contract with MetService.

Your engagement at the international level is important

The Ministry will provide advice on where we consider there will be good value in your engagement in Ministerial-level forums.

Key opportunities over the next year may include:

- the Australian Transport and Infrastructure Council
- Pacific Transport Ministerial-level meetings
- International Transport Forum (ITF) Annual Ministerial Summit
- Asia-Pacific Economic Cooperation (APEC) Ministerial meeting.

Delivering your priorities

The Ministry can help you to achieve your priorities and connect them with government-wide priorities, including advising you on using the available tools within the transport portfolio to achieve your short, medium and longer-term goals. This includes working with the transport agencies to develop a coherent strategic view of the longer-term needs for the transport system.

Strategies that use a package of interventions to address specific issues may be developed or amended. For example, the **New Zealand Freight and Supply Chain Strategy** was developed to prepare and, respond to substantial change affecting the sector. It articulates a long-term vision for the freight and supply chain to be:

- underpinned by zero emissions freight transport
- resilient, reliable, and prepared for potential disruptions
- highly productive and efficient.

The strategy outlines what needs to be done to reach this long-term vision over three time-horizons.

Transport sector agencies also support a range of cross-government strategies. For example, the Ministry and the CAA also have important roles in supporting the implementation of the **Aotearoa New Zealand Aerospace Strategy**, led by the Ministry of Business, Innovation and Employment.

Additionally, there are short-term transport sector delivery plans, many of which are governed by Acts of Parliament and are key components of the transport planning and funding system. For example, the **Decarbonising Transport Action Plan (2022-25)** sets out what the Government will do to implement the transport actions in the first Emissions Reduction Plan, and what New Zealand needs to do to reduce transport emissions by 41% by 2035 and reach net zero by 2050.

Transport's role within the wider system

Outside of existing collaboration between government agencies and SOEs, collaboration with other stakeholders in the transport system is critical to realising positive transport outcomes.

Effective and meaningful engagement with stakeholders from local government, the private sector, researchers and iwi will be critical to achieving government priorities and shaping the transport system. We can provide you with further advice on engagement that you should prioritise, and when.

There are other important levers that transport does not 'own', but there are actions that can be taken to influence these. For example, land use is an important lever that requires cross-system collaboration and agreement.

Given its role as a key enabler of social and economic connections, the transport system intersects with a wide range of other systems at the local, national and global levels. This underlines the need to coordinate with other sectors and recognise the impacts of transport decisions on them.

Figure 4 below illustrates some of the key relationships with the transport system, and Appendix 2 includes further detail on some key areas where a coordinated response and decisions are required, including maritime security, border security and climate response.

Figure 4 Transport's role within the wider system

Notes

1 Key groupings
2 * Secretary for Transport attends ODESC as required

Appendix 1 Emergency Management and search and rescue functions

Emergency Management and search and rescue functions

Emergency Management

The transport system is vulnerable to major natural events and human-caused shocks that disrupt services. The Ministry exercises its system stewardship role by being the transport sector lead on resilience and security policy matters with other government agencies such as the Department of Prime Minister and Cabinet (DPMC), the National Emergency Management Agency (NEMA), and the National Security System. The Ministry works closely with the other transport Crown entities to plan for future needs and emergencies so the transport sector can respond efficiently and effectively to system disruptions or damaged infrastructure.

System planning and preparedness is reviewed during DPMC-led Officials Committee for Domestic and External Security Coordination (ODESC) forums and exercised as part of the NEMA-led all-of-government National Exercise Programme. During significant responses, the Ministry will activate and lead the Transport Response Team (TRT), which acts as the sector coordinating entity for transport under the Civil Defence and Emergency Management Act. As a non-operational agency, the Ministry's role is to coordinate the transport sector and ensure a single transport voice is provided to the lead agency for the response and to Ministers.

New Zealand Search and Rescue Council

New Zealand's 30 million km^2 Search and Rescue (SAR) region (the world's third largest) extends from the South Pole to the southern border of the Honolulu region, halfway to Australia and Chile, and includes American Samoa, Cook Islands, Niue, Norfolk Island, Samoa, Tokelau, and Tonga. Collectively, the SAR sector comprises approximately 11,095 people from a wide variety of public, non-government and commercial organisations of whom around 89% are volunteers. During the 2022/23 year, the sector saved 137 lives, rescued 744 people, and assisted a further 1130 people. These actions averted $1.822 billion in social costs to New Zealand.

The New Zealand Search and Rescue (NZSAR) Council, established by Cabinet in 2003, provides strategic governance, leadership to the SAR sector, manages the Government's investment into the sector and provides SAR advice to Ministers. The Council consists of the chief executives of departments with SAR responsibilities and includes the Ministry as chair, MNZ, the CAA, the Department of Conservation, the NZ Police, the New Zealand Defence Force, Fire and Emergency NZ, and a non-government independent member.

The Ministry receives funding for and hosts the NZSAR Secretariat. Either the NZ Police or the Rescue Coordination Centre NZ (an operating group within MNZ) coordinates SAR operations. The responsible coordinating authority will request the use of SAR assets depending on the requirements of the operation. A wide variety of organisations may participate in SAR operations, including the Department of Conservation, NZ Land Search and Rescue, Coastguard NZ, Surf Life Saving NZ, rescue helicopters, the NZ Police, commercial vessels, Defence and a variety of smaller organisations or assets including members of the public.

The SAR sector's revenue comes from a variety of sources, including Crown funding through Vote Transport, Vote Police, Vote Conservation, and Vote Defence, and hypothecated funding collected under the LTMA (which recognises FED paid by recreational boat users). Commercial sponsorship, local fundraising, community grants, class 4 gaming (including gaming machines from pubs and clubs) and the Lotteries Grants Board also provide funding to the wider SAR and recreational safety sectors.

The Ministers of Transport and Finance are empowered by the LTMA to allocate FED funding for SAR purposes. The NZSAR Council (on behalf of the Ministry) administers approximately $21.8 million per annum of FED investment into SAR sector agencies. The NZSAR Council (on behalf of the Ministry) also administers the Government's investment of $15.1 million per annum into frontline water safety rescue and prevention services (Coastguard NZ and Surf Life Saving NZ).

Appendix 2 Cross system collaboration

Maritime Security

You are the lead Minister for Maritime Security and the Ministry is the lead agency for maritime security policy. The Ministry chairs the Maritime Security Oversight Committee (MSOC), which is responsible for oversight of New Zealand's maritime security and comprises 11 maritime security agencies. MSOC developed a Maritime Security Strategy (endorsed by Cabinet in 2019) in response to multiple increasing security pressures.

There are 12 core national security issues within the National Security Strategy, with each issue assigned a Strategic Coordination Agency. The Ministry performs the role for maritime security, and the Ministry sits on the National Security Board, where it is also able to represent other national security issues such as transport security and the supply chain.

Border Executive Board

The Border Executive Board (BEB) is an interdepartmental executive board with six member agencies – New Zealand Customs Service (chair), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Manatū Hauora Ministry of Health, and the Ministry. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination and improvement activities.

Climate Change Chief Executives Board

New Zealand has international commitments under the Paris Agreement, and a domestic legislative framework (under the Climate Change Response Act 2002), that commits the Government to reduce emissions and to improving resilience and the ability to adapt to the effects of climate change. The Climate Change Chief Executives Board was established in July 2022 as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to align and co-ordinate cross-department climate change action.

The Board comprises eight chief executives, is chaired by the Secretary for the Environment, and is responsible to the Prime Minister for its operations. The Ministry of Transport's Chief Executive serves on the Board to drive collaboration with other key departments alongside delivering on your transport portfolio commitments.

While the Board is responsible for overseeing the delivery of the first emissions reduction plan and national adaptation plan, the Ministry remains accountable for the delivery of actions within your portfolio.

For more information on the Board and its work, please refer to the Climate Change Chief Executives Board Briefing to the Incoming Ministers.

Appendix 3 Summary of transport agencies, Crown entities, SOEs, and their functions

Agency/SOE	Key Functions
The Ministry	The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and funding and governance of the transport Crown entities.
Waka Kotahi	Waka Kotahi is a Crown agent primarily governed by the Land Transport Management Act 2003 (LTMA) and Crown Entities Act 2004. Waka Kotahi's functions include investing in, and managing most aspects of the land transport network, including rail. Waka Kotahi has statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and has enforcement powers. Waka Kotahi has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing, and certification and revenue collection.
Civil Aviation Authority (CAA)	CAA is a Crown agent primarily governed under the Civil Aviation Act 1990 and Crown Entities Act. Led by the Director of Civil Aviation, the Authority has seven business groups performing safety and security, regulatory and service delivery functions across the breadth of the aviation system.
Maritime New Zealand (MNZ)	MNZ is a Crown agent established under the Maritime Transport Act. It is responsible for promoting a safe, secure, clean and sustainable maritime environment for all commercial and recreational activities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people. MNZ has both a domestic and international focus.
Transport Accident Investigation Commission (TAIC)	TAIC is an independent Crown entity and acts as a standing commission of inquiry. The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the future, rather than to ascribe blame. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers.
City Rail Link Limited (CRLL)	CRLL is listed as a company under Schedule 4A of the Public Finance Act. It was established in 2017 by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL) project. The Crown and Auckland Council jointly own CRLL (with a 51/49% shareholding respectively). You are jointly responsible, with the Minister of Finance, for the Crown's interest in CRLL (as shareholding Ministers). Board appointments require joint agreement from the Crown and Auckland Council. The CRL project is delivered in accordance with the terms set in the Project Delivery Agreement. The Project Delivery Agreement is a contractual agreement between the Crown, Council and CRLL that sets out the terms for the company to manage the delivery of the CRL project on behalf of the Crown and Council, as joint sponsors of the project.

APPENDIX 3 SUMMARY OF TRANSPORT AGENCIES, CROWN ENTITIES, SOES, AND THEIR FUNCTIONS

Agency/SOE	Key Functions
Auckland Light Rail Limited (ALRL)	ALRL was established in late 2022 under Schedule 2 of the Crown Entities Act 2004 to deliver a Detailed Business Case by mid-2024 for the Crown to make a final investment decision on a light rail route from the Auckland city centre to Auckland Airport. You are jointly responsible for ALRL along with the Minister of Finance and the Minister of Housing with each Minister having a 1/3 share in the company. In addition, Auckland Council and Manu Whenua representatives are joint sponsors along with the Crown. Development of detailed planning is delivered in accordance with the Project Planning and Funding Agreement. This is a contractual agreement between the Crown, Council and ALRL that sets out the terms for ALRL to manage the delivery of the Auckland Light Rail project.
KiwiRail	KiwiRail is the SOE responsible for freight and tourism passenger rail services on 3,700 kilometres of rail network and operating three inter-island ferries. KiwiRail owns, maintains and upgrades the national rail network and associated infrastructure, including the rail networks used by Auckland and Wellington passenger rail services. KiwiRail is also responsible for operating Te Huia rail service, which connects Hamilton to Auckland. Auckland Transport and Greater Wellington Regional Council are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots. KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive.
Meteorological Service of New Zealand Ltd (MetService)	The core purpose of MetService is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making. MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the state highway network and other major roads.
Airways Corporation of New Zealand Ltd (Airways)	Airways is a commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions. Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region. Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invests in new technology that enhances safety and delivers economic and environmental benefits for customers and the public. As an ANSP, Airways is regulated by CAA and provides its service in line with Civil Aviation Rules and international standards.

Appendix 4 Glossary of terms and abbreviations

Airways	Airways Corporation of New Zealand Ltd
ALR	Auckland Light Rail
ALRL	Auckland Light Rail Ltd
ANSP	Air Navigation Services Provider
APEC	Asia–Pacific Economic Cooperation
BEB	Border Executive Board
CAA	Civil Aviation Authority
CERF	Climate Emergency Response Fund
CRL	City Rail Link
CRLL	City Rail Link Limited
DPMC	Department of the Prime Minister and Cabinet
DTRS	Decarbonising Transport Research Strategy
FED	Fuel Excise Duty
GPS	Government Policy Statement on Land Transport
ICAO	International Civil Aviation Organization
IEB	Interagency Executives Board
ILO	International Labour Organization
IMO	International Maritime Organization
ITF	International Transport Forum
LTMA	Land Transport Management Act 2003

APPENDIX 4 GLOSSARY OF TERMS AND ABBREVIATIONS

MetService	Metrological Service of New Zealand Ltd
MNZ	Maritime New Zealand
Monty	National Transport Model
MSOC	Maritime Security Oversight Committee
NEMA	National Emergency Management Agency
NLTF	National Land Transport Fund
NLTP	National Land Transport Programme
NZSAR	New Zealand Search and Rescue
ODESC	Officials Committee for Domestic and External Security Coordination
RNIP	Rail Network Investment Programme
RUC	Road User Charges
SAR	Search and Rescue
SOE	State Owned Enterprise
TAIC	Transport Accident Investigation Commission
TEBS	Transport Evidence Base Strategy
the Framework	Transport Outcomes Framework
the Minister	Minister of Transport
the Ministry	Ministry of Transport Te Manatū Waka
TRT	Transport Response Team
Waka Kotahi	Waka Kotahi NZ Transport Agency
WMO	World Meteorological Organization

Briefing to the Incoming Minister (System)

Your guide to the transport system

transport.govt.nz

Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Briefing to the Incoming Minister (System) | He pepa whakamōhiotanga mō te Minita

Ministry of Transport Te Manatū Waka

November 2023

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Glossary of terms and abbreviations

A snapshot of your portfolio

Around **200,000 New Zealanders** (5% of the workforce) are employed in transport-related industries

Road transport CO_2 emissions are from:
49% Light passenger vehicles
30% Heavy vehicles
21% light commercial vehicles

Domestic transport produces 40% of our domestic carbon dioxide emissions and 17% of total greenhouse gas emissions

11,201km state highways

86,152km local roads

There are over **5.2 million registered vehicles** in the fleet

25.8% of people in Auckland, 15.8% of people in Wellington and 23.6% of people in Christchurch have access to frequent public transport services (2021/22)

377 road fatalities in 2022
(as at August 2023)

16% of jobs are accessible by public transport compared to 43% of jobs accessible by car within 45 minutes during weekday morning peak (2022/23)

3.5 million licensed drivers

250,00 new drivers licenses issued annually

Over 4,100km of rail line

10 rail fatalities in 2022
(as at August 2023)

74.9% of all journeys made on strategic freight and tourist routes achieved the predictability travel time target (2022/23)

75% of domestic freight was moved by road and 12% by rail and 13% by coastal shipping (2017/18)

NZ marine economy contributed $6.5 billion to New Zealand's economy (2021/22)

$65.8 billion of NZ's exports and $70.7 billion in imports is carried by maritime (2022/23)

37 maritime fatalities in 2022
(as at August 2023)

NZ's search an rescue region is one of the largest in the world, spanning over 30 million km^2

2,022 aeroplanes

902 helicopters

332 amateur-built aeroplanes

11.85 million passengers were screened at aviation security (2022/23)

88% of passengers were processed through aviation security within 10 minutes in 2022/23

358,346 commercial passenger flights in 2022/23, compared to 253,569 in 2021/22 and 381,548 pre-pandemic (2019/20)

3 aviation fatalities in 2022
(as at August 2023)

17-27 accident inquiries per annum

Shaping our transport system

Introduction

This briefing describes your role and responsibilities as Minister of Transport, along with those of Te Manatū Waka Ministry of Transport (the Ministry), government transport agencies, transport Crown entities, State-Owned Enterprises, and key stakeholders you will work with. It also outlines the tools available to you for influencing the transport system and enabling better outcomes for everyone in New Zealand.

This briefing should be read in conjunction with the Strategic BIM.

The transport portfolio

The transport system is a significant part of our social and economic infrastructure, providing the links that help establish and sustain our economy and society.

The transport system includes:

- vehicles that move people and products
- physical infrastructure (eg, airports, seaports, the rail network, roads, busways, cycleways)
- transport services (eg, public transport, bike- sharing, ride-sharing)
- digital infrastructure (eg, satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- institutions and regulatory systems that influence how the transport system functions and develops (eg, through their management practices, rules, policies, and investment tools).

Transport is a delivery arm of many broader government strategies, and many key government priorities will not be achieved unless transport plays its part: reaching New Zealand's emissions targets, growing the economy and connecting to markets, and enabling economic and social mobility in our towns and cities. Transport cannot achieve these priorities by itself, but its absence can slow or prevent their delivery.

Your role in the system

As Transport Minister you have a range of responsibilities, some of which you must do by law. These provide you with opportunities to influence the system. Your role as Minister is to set the overall direction for the transport system, including through:

- setting the overall direction for investment in the transport system through the Government Policy Statement on land transport (GPS)
- setting the regulatory framework by developing legislation and regulation
- appointing board members to the transport Crown entities, setting their expectations and overseeing their delivery and performance
- seeking Cabinet's agreement to the rates at which fees, charges, and levies are set. These are critical decisions because they determine the resourcing available to the transport agencies to deliver their regulatory responsibilities.

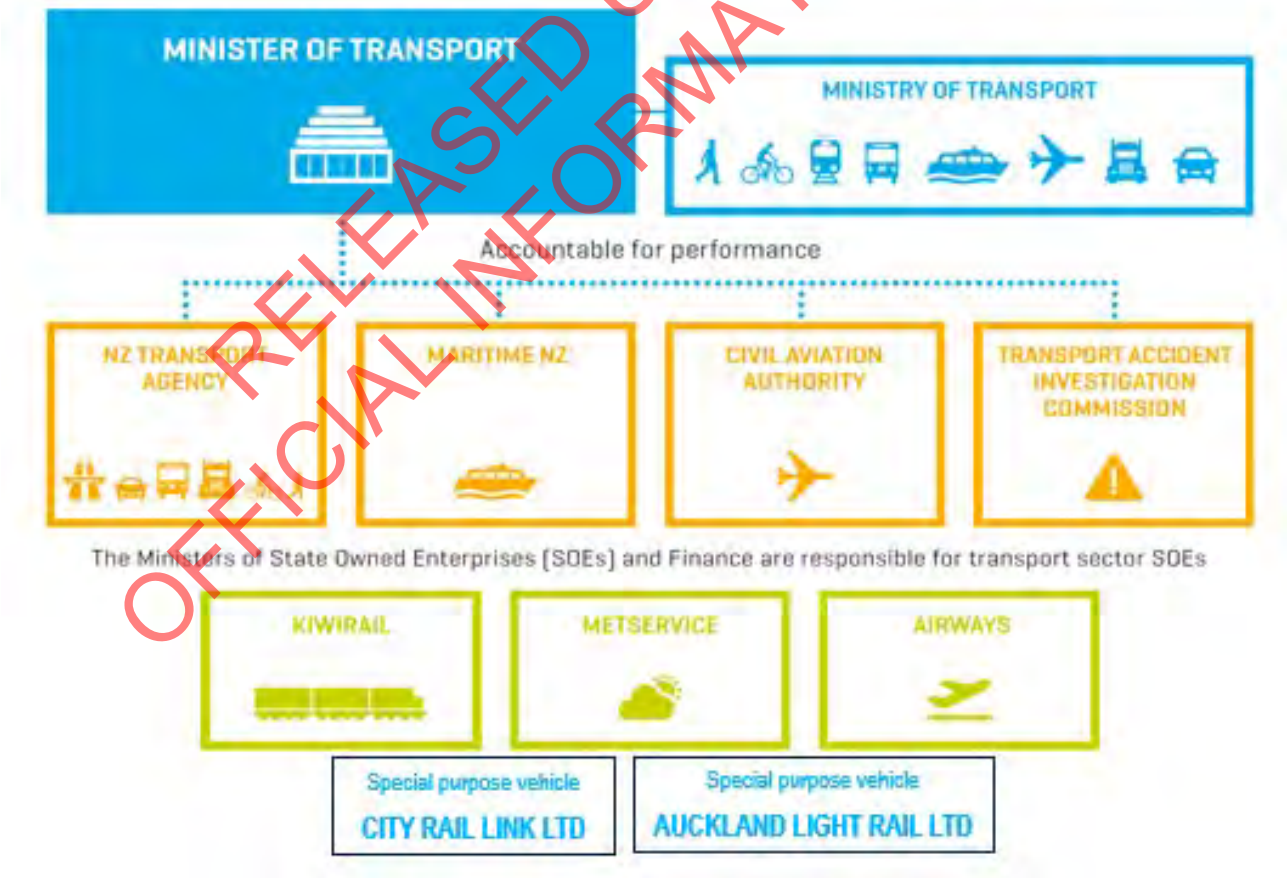
The different parts of the transport system

Central government is heavily involved in the transport system as a planner, funder, partner, and regulator. A major part of your role will be working with transport sector agencies that help deliver the Government's objectives. These include:

- The Ministry is a government department
- Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) are transport agencies
- the Transport Accident Investigation Commission (TAIC) is an independent Crown entity and Standing Commission of Inquiry
- three state-owned enterprises (SOEs): KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService)
- Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004. Additionally, City Rail Link Limited is the sole company under Schedule 4A of the Public Finance Act 1989, jointly established by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL).

You have different roles and responsibilities in relation to each of these agencies.

Figure 1 Relationship between you, the Ministry, SOEs and agencies



**The Ministers of Transport and Finance are jointly responsible for CRLL and ALRL*

We can help you understand the implications of your decisions on the transport system, from modelling the impacts, to monitoring and evaluating the effectiveness of policies and investment in infrastructure. For example, the Ministry has developed a **National Transport Model (Monty)** to understand how people interact with the transport system.

The **Ministry's Transport Sector Monitoring Framework** provides a consistent approach to monitoring how well services or interventions are being delivered, whether they have been delivered in a timely and fiscally responsible way and if outcomes have been achieved.

The **Transport Evidence Base Strategy (TEBS)** and the **Decarbonising Transport Research Strategy (DTRS)** set out the paths to ensure the transport sector has the right data, information, research and evaluation to support policy decisions. Implementing the TEBS and the DTRS is the responsibility of transport agencies (eg, through the Land Transport Sector Research Programme managed by Waka Kotahi) and SOEs, working alongside local government and other stakeholders.

Key transport responsibilities

As Minister, you have a range of levers to influence the transport system. There are differences in the way the various levers are exercised for each mode, and each mode has its own regulatory model. Our advice to you will always focus on how you can make use of these levers to achieve your objectives.

You are responsible for 20 transport Acts which set out:

- the roles and functions of the Ministry, transport agencies and TAIC, and SOEs
- the planning and funding arrangements for land transport
- the roles and powers of local authorities for transport activities and road controlling authorities
- licensing and certification arrangements for transport system users, vehicles and technology
- the requirements for making transport regulations, rules, and transport instruments
- compliance tools to promote adherence to safety, security and environmental requirements across transport modes.

Investment and revenue

Investing in transport infrastructure is a priority for any Government. Investment comes from a range of funding sources, including the National Land Transport Fund (NLTF) revenue, local authority funds, Crown funds, sector funding, and loans. This investment is used to build, operate and maintain transport networks and services and influence how people decide to travel.

The GPS allows you to guide investment from the NLTF

The Land Transport Management Act 2003 (LTMA) requires you to issue a Government Policy Statement on land transport (GPS). This statutory document allows you to outline what the Government wants to achieve in land transport, and how it expects to see funding allocated between types of activities (eg, roading, public transport and road safety) across the land transport

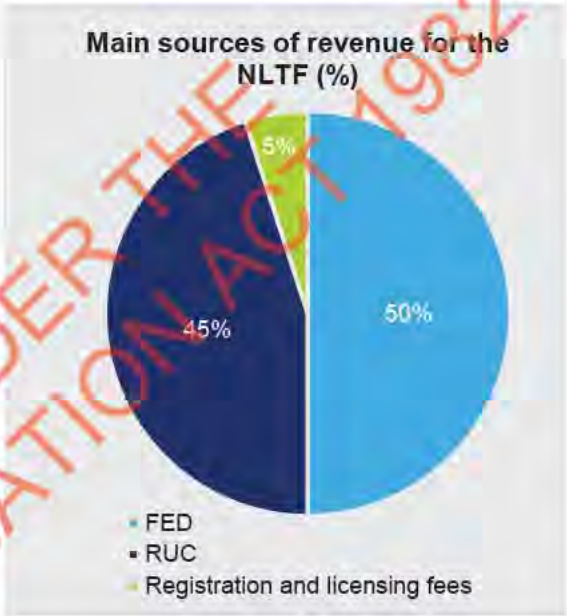
system. The NLTF can be used both to maintain a level of service and drive change on the land transport network, while delivering value for money. This is done through applying the Ministry's value for money assessment model in the appraisal and evaluation process and establishing funding ranges for activity classes. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years.

The LTMA gives Waka Kotahi statutory independence to select projects for the National Land Transport Programme (NLTP). However, the GPS can set an expectation for Waka Kotahi to consider government programmes and priorities when allocating funding through the NLTP.

The NLTF is mainly funded by motor vehicle users

The NLTF is administered by Waka Kotahi and collects about $4.2 billion per annum. The main sources of revenue for the NLTF are:

- Fuel Excise Duty (FED) which is a tax applied at a rate of 70c/l to petrol and 10.4c/l to liquid petroleum gas.
- Road User Charges (RUC) which is a distance-based charge applied to diesel vehicles and heavy vehicles over 3.5 tonnes. Different RUC rates are applied to vehicle classes depending on weight and axle configuration and range from $76 to over $1,000 per 1,000km travelled.
- Motor vehicle registration and annual licensing fees.



Revenue from the fund is invested in state highways, coastal shipping, local roads, road policing, walking and cycling, and public transport. Local government matches the $1 billion contribution it receives from the NLTF with another $1 billion per year of its own funding.

National rail network maintenance and renewals are also funded through the NLTF as part of the GPS's Rail Network activity class. KiwiRail is required to prepare a Rail Network Investment Programme (RNIP) every three years, and you are responsible, as Minister for Transport, for approving KiwiRail's RNIP.

Section 9 of the LTMA also allows for some land transport revenue to be used for other purposes, subject to the approval of the Minister of Transport and the Minister of Finance. This includes search and rescue and recreational boating activities, Waka Kotahi's regulatory function, and activities to maintain the integrity of the land transport revenue system. Agencies that receive funding through this avenue include the Ministry, Waka Kotahi, MNZ and some non-governmental organisations, such as Coastguard and Land Search and Rescue NZ.

You can adjust the rate of charges and duties for the NLTF to meet your priorities

RUC rates are set through the RUC Rates Regulations 2015 and changes must be confirmed by Parliament. FED is generally set through amendments under the Customs and Excise Act 2018 and sometimes by an Order in Council.

Crown funds can supplement transport revenue and be used to purchase specific projects or programmes

Not all investment in the land transport sector is able to be met from the NLTF. Increasingly, the Crown has made direct investments in specific transport activities through the annual budget process led by the Minister of Finance.

Unlike investment from the NLTF, where the Waka Kotahi Board has an independent role in overseeing and monitoring expenditure, Ministers are accountable for Crown-funded activities. Ministers have decision-making rights when changes are needed to the budget, scope or timeframes for these projects. While bodies like Waka Kotahi or KiwiRail may deliver Crown-funded activities and investment programmes, the Crown usually establishes additional oversight arrangements for any projects or programmes with Crown funding, such as the NZ Upgrade programme. These arrangements give Ministers assurance the intended investment outcomes are being achieved.

CAA and MNZ are primarily funded from fees, charges and levies collected from passengers and participants in the aviation and maritime sectors.

Economic and educational tools

You can use travel demand management tools to drive behaviour change within the transport system

Pricing and other economic tools can be used to encourage more efficient use of the network and can be used by local government to influence travel choices and decisions. Such tools include differential charging of public transport (eg, reduced off-peak fares), subsidised public transport fares, tolling, congestion charging, and parking fees.

Tolling, for example, can contribute to the cost of building and maintaining new roads. You are the key decision maker and responsible for recommending to the Governor-General that a new road is tolled under the LTMA. The Ministry will provide advice on tolling proposals, liaise with the Road Controlling Authorities, and advise on the legislative process to establish a tolling order.

Information and education help people to make more informed travel decisions by communicating information about their travel choices. Examples of these include travel planning apps, social media marketing, information provision, and mass media campaigns.

There are times when you can achieve more significant benefits from combining economic and educational instruments with complementary measures, such as infrastructure provision and legislative changes. In doing so, these measures help to achieve the outcomes you want to see in the transport system.

Regulation

You have a range of tools in the transport regulatory system to deliver durable transport outcomes

Transport regulation gives confidence to those who use the transport system. It creates an enabling environment for firms and individuals, protects the rights, safety and security of citizens, and ensures the delivery of public goods and services.

The system is comprised of primary and secondary legislation (which includes regulations, rules, and other instruments) and local government by-laws[1]. You are responsible for the passage of primary transport legislation through Parliament. The Ministry supports you to do this.

Regulations set out associated offences and penalties, fees, and charges

Transport regulations mainly set out the associated rule-related offences and penalties, and fees and charges that fund the work of the transport agencies. The Ministry leads the development of these with involvement from transport agencies and SOEs, and the NZ Police depending on the subject. Regulations must be approved by Cabinet.

Transport rules contain detailed standards, requirements and procedures that govern transport activities

Transport rules are the most common form of delegated legislation for transport. Rules contain detailed technical standards, requirements, and procedures governing transport activities within modes. You are empowered under primary legislation to make these rules through delegated responsibilities. You are expected to advise Cabinet you intend to make a rule if there would be wide-ranging impacts. There is an expedited rule making process where urgent changes can be made by Order in Council.

The transport Crown entities develop most transport rules with the Ministry's involvement, but the Ministry leads policy development on significant rules.

Transport instruments support a more flexible regulatory system

Transport instruments improve the flexibility of the rule-making process by having more customised consultation requirements, meaning changes that only affect a small number of transport users can be progressed quickly. Transport instruments are more easily amended in response to technological innovation.

Transport instruments are outlined in a rule made by you as Minister of Transport, with the design and management delegated to a specified official (such as the Director of the relevant transport agency). Several transport instruments exist in Maritime legislation, with more planned in other modes as part of work on secondary legislation. The Civil Aviation Act 2023 (which comes into force in 2025) also empowers the Minister to create transport instruments.

Your statutory functions

As Minister, you have statutory functions under both maritime and civil aviation legislation. For instance, under the Civil Aviation Act, you are:

[1] As Transport Minister you have powers to amend, replace or disallow some local government by-laws.

- the licensing authority to grant scheduled international air services licences to New Zealand international airlines
- responsible for designating countries or territories for open aviation market licences
- responsible for authorising airline alliances.

Under the Maritime Transport Act, you are responsible for authorising the carriage of coastal cargo by foreign ships, if you are satisfied that there are no New Zealand ships or ships under demise charter to a New Zealand-based operator capable to carry the domestic cargo.

In addition to the statutory functions exercised by you as Minister, statutory functions are exercised directly by the Secretary for Transport. The Secretary for Transport is:

- the licensing authority for foreign international airlines operating to/from New Zealand
- the licensing authority for open aviation market licences (after the designation by the Minister)
- responsible for authorising commercial non-scheduled international flights.

Waka Kotahi, the CAA and MNZ also have statutory positions (Director of Land Transport, Director of Civil Aviation and Director of Maritime NZ) who have statutory functions, powers and duties in relation to regulatory activities in their sectors. In some cases, those functions, powers and duties must be exercised independently, such as enforcement. These are known as statutorily independent functions.

Crown monitoring, assurance, and oversight

You have a role in appointing board members to the transport agencies and transport Crown entities, setting expectations for them and monitoring their performance.

Crown entity monitoring and oversight is a key mechanism to deliver your priorities

The majority of service delivery and regulation in the transport sector is carried out through the transport Crown entities and companies: Waka Kotahi, MNZ, the CAA, Auckland Light Rail (ALR) Limited and City Rail Link Limited (CRLL)[2]. The Transport Accident Investigation Commission delivers independent, no-blame safety investigations of accidents and incidents. Because of the nature of their roles and functions, Crown entities and companies operate with varying levels of statutory independence from their Responsible Minister.

[2] Note that MetService, KiwiRail and Airways fall within the State-Owned Enterprises portfolio instead of your Transport portfolio. Monitoring over all three is undertaken by the Treasury.

Your role as responsible Minister of these entities is to oversee and manage the Crown's interests in, and relationship with those entities. While you are ultimately accountable, the boards you appoint to these are primarily responsible for their performance.

The Ministry is your monitoring agent for the transport Crown entities. The roles and responsibilities of the Minister, Crown entity and monitoring department are summarised through Figure 3 and outlined further within the *It Takes Three Framework*[3].

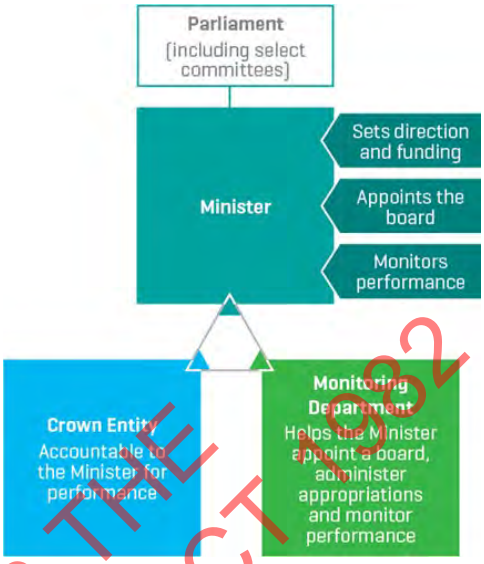


Figure 3 Roles and responsibilities of the Minister, Crown entity and monitoring department

You have a role in overseeing the delivery and performance of key transport agencies

Your oversight role, supported by the Ministry, helps to ensure the transport Crown entities are effectively performing their functions, many of which deliver critical services to New Zealanders. Below are a range of accountability mechanisms that the Ministry will advise you on to assist you in overseeing the transport Crown entities and meeting your statutory responsibilities.

The capability and performance of the transport entity boards is critical in delivering your priorities and expectations

Each Crown entity and company is governed by a board. There are a maximum of 73 ministerial appointed positions across the transport sector. This is comprised of up to 42 positions on Crown entities and companies, two medical convener positions, and 29 advisory committee positions. TAIC Commissioners are appointed by the Governor-General on your recommendation and also act as the members of that entity's Board.

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power, perform the functions of each entity and hold responsibility for the operational decisions of their entities. You appoint (or recommend the appointment of) and oversee those boards as responsible Minister and are assisted by the Ministry as your monitoring agent, assisting you in discharging your statutory functions.

Before appointments fall due, we will provide you with advice to support the appointment and re-appointment of board members. As part of this process, we will provide you with an overall assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective, and high performing.

3 https://www.publicservice.govt.nz/guidance/it-takes-three-operating-expectations-framework-for-statutory-crown-entities/

Table 1 Accountability mechanisms

Accountability Mechanism	Description
Letter of Expectations	Your primary mechanism to set priorities and performance expectations on an annual basis. You can expect to receive draft letters from the Ministry around October/November. These letters are sent out well in advance of the financial year, so Crown entities can respond effectively.
Statement of Intent	Sets out the entity's strategic intentions against the Government's priorities and direction. The Statement of Intent is developed by an entity for at least a four-year period.
Statement of Performance Expectations	Sets out the entity's annual delivery and performance expectations against your Letter of Expectations and the Statement of Intent. Entities are required to provide their final drafts of their Statements of Performance Expectations for your comment before 1 May each year.
Annual Report	Sets out entities' annual non-financial and financial performance against the expectations set out in the Statement of Performance Expectations. You can expect to receive annual reports from each entity around October.
Quarterly reporting	Performance reporting provided by the entity against the priorities and expectations set out in the Statement of Performance Expectations.

You will have regular meetings with Crown entity chairs to discuss entity governance, performance and key risks. The Ministry will provide you with advice to assist in your engagement.

The Ministry conducts other assurance, funding, contracting and review activities

In addition to overseeing and monitoring the Crown entities and companies on your behalf, the Ministry also conducts other activities for government transport initiatives and programmes, Crown entities and Crown companies. This includes, for example, providing advice on and monitoring programmes such as the NZ Upgrade Programme, the Climate Emergency Response Fund (CERF), and managing the MetService contract to ensure New Zealand has a service that fulfils the World Meteorological Organisation Technical Regulations.

The Ministry uses the **Transport Sector Monitoring Framework,** which provides a structured approach to monitor interventions. This assesses entity governance, capability and performance, how entities communicate information to the board, their assurance mechanisms for key projects and programmes, and whether the board is receiving the necessary information from an entity. The approach is informed by your priorities and our assessment of key risks for each entity.

Influencing the international environment

New Zealand's transport regulatory systems are significantly shaped by international obligations, standards and recommended practices. New Zealand benefits strongly from international transport regulatory frameworks, which underpin our international connections and facilitate our trade in goods and services.

The Ministry and the Crown Entities work together to:

- monitor and understand what is happening internationally, and how it affects, or may affect, New Zealand's transport system
- influence relevant international standards to protect and promote New Zealand's interests
- ensure New Zealand meets its international transport commitments.

A wide range of international organisations influence New Zealand's transport settings. Some of the key organisations the Ministry and transport agencies work with, and their role, are:

- **International Civil Aviation Organization (ICAO):** sets standards and regulations for the aviation sector - international safety, security, and environmental protections (under the Chicago Convention).
- **International Maritime Organization (IMO):** sets standards and regulations for the maritime sector (international safety, security, and environmental protections).
- **International Labour Organization (ILO)**: sets conditions of work and employment on ships (under the Maritime Labour Convention).
- **United Nations working parties**: New Zealand has obligations as a party to two United Nations Agreements relating to road vehicle and road vehicle standards. Under these agreements, regulations and standards are set to improve road safety and facilitate international trade.
- **World Meteorological Organization (WMO):** fulfils New Zealand's obligations under the World Meteorological Organization, the United Nations specialised agency for weather, climate, and water, by way of the Ministry's contract with MetService.

Your engagement at the international level is important

The Ministry will provide advice on where we consider there will be good value in your engagement in Ministerial-level forums.

Key opportunities over the next year may include:

- the Transport and Infrastructure Council
- Pacific Transport Ministerial-level meetings
- International Transport Forum (ITF) Annual Ministerial Summit
- Asia-Pacific Economic Cooperation (APEC) Ministerial meeting.

Delivering your priorities

As your Ministry, we can help to embed your priorities and connect them with whole-of-government priorities and advise you on how to use the available levers to achieve your short-, medium-, and longer-term goals. This includes working with the transport agencies to develop a coherent strategic view of the longer-term needs for the transport system.

Medium-term strategies that use a package of interventions to address specific issues may be developed or amended. For example, the **Freight and Supply Chain** strategy was developed to prepare and respond to substantial change and to articulate a long-term vision to be:

- underpinned by zero emissions freight transport
- resilient, reliable, and prepared for potential disruptions
- highly productive and efficient.

The strategy outlines what needs to be done to reach this long-term vision over three time-horizons.

Transport sector agencies also support a range of cross-government strategies. For example, the Ministry and the CAA also have important roles in supporting the implementation of the **Aotearoa New Zealand Aerospace Strategy**, led by the Ministry of Business, Innovation and Employment.

Additionally, there are short-term transport sector delivery plans, many of which are governed by Acts of Parliament and are key components of the transport planning and funding system. For example, the **Decarbonising Transport Action Plan (2022-25)** sets out what the Government will do to implement the transport actions in the first Emissions Reduction Plan, and what we need to do to reduce our transport emissions by 41% by 2035 and reach net zero by 2050.

Transport's role within the wider system

Outside of existing collaboration between government agencies and SOEs, collaboration with other stakeholders in the transport system is critical to realising positive transport outcomes.

Effective and meaningful engagement with stakeholders from local government, the private sector, researchers and iwi will be critical to achieving government priorities and shaping the transport system. We can provide you with further advice on engagement that you should prioritise, and when.

There are other important levers that transport does not 'own', but there are actions that can be taken to influence these. For example, land use is an important lever that requires cross-system collaboration and agreement.

Given its role as a key enabler of social and economic connections, the transport system intersects with a wide range of other systems at the local, national and global levels. This underlines the need to coordinate and recognise the impacts decisions in transport may have on other sectors.

Figure 4 below illustrates some of the key relationships with the transport system, and Appendix 2 includes further detail on some key areas where a coordinated response and decisions are required, including maritime security, border security and climate response.

Figure 4 Transport's role within the wider system

Notes

1 Key groupings
2 * Secretary for Transport attends ODESC as required

Appendix 1 Emergency Management and search and rescue functions

Emergency Management and search and rescue functions

Emergency Management

The transport system is vulnerable to major natural events and human-caused shocks that disrupt services. The Ministry exercises its system stewardship role by being the transport sector lead on resilience and security policy matters with other government agencies such as the Department of Prime Minister and Cabinet (DPMC), the National Emergency Management Agency (NEMA), and the National Security System. The Ministry works closely with the other transport Crown entities to plan for future needs and emergencies so the transport sector can respond efficiently and effectively to system disruptions or damaged infrastructure.

System planning and preparedness is reviewed during DPMC-led Officials Committee for Domestic and External Security Coordination (ODESC) forums and exercised as part of the NEMA-led all-of-government National Exercise Programme. During significant responses the Ministry will activate and lead the Transport Response Team (TRT), which acts as the sector coordinating entity for transport under the Civil Defence and Emergency Management Act. As a non-operational agency, the Ministry's role is to coordinate the transport sector and ensure a single transport voice is provided to the lead agency for the response and to Ministers.

New Zealand Search and Rescue Council

New Zealand's 30 million km^2 Search and Rescue (SAR) region (the world's third largest) extends from the South Pole to the southern border of the Honolulu region, halfway to Australia and Chile, and includes American Samoa, Cook Islands, Niue, Norfolk Island, Samoa, Tokelau, and Tonga. Collectively, the SAR sector comprises approximately 11,095 people from a wide variety of public, non-government and commercial organisations of whom around 89% are volunteers. During the 2022/23 year, the sector saved 137 lives, rescued 744 people, and assisted a further 1130 people. These actions averted $1.822 billion in social costs to New Zealand.

The New Zealand Search and Rescue (NZSAR) Council, established by Cabinet in 2003 provides strategic governance, leadership to the SAR sector, manages the governments investment into the sector and provides SAR advice to Ministers. The Council consists of the chief executives of departments with SAR responsibilities and includes the Ministry (chair), Maritime NZ (MNZ), the Civil Aviation Authority, the Department of Conservation, the NZ Police, the New Zealand Defence Force, Fire and Emergency NZ, and a non-government independent member.

The Ministry receives funding for and hosts the NZSAR Secretariat. Either the NZ Police or the Rescue Coordination Centre NZ (which is an operating group within MNZ) coordinates SAR operations. The responsible coordinating authority will request the use of SAR assets depending on the requirements of the operation. A wide variety of organisations may participate in SAR operations, including the Department of Conservation, NZ Land Search and Rescue, Coastguard NZ, Surf Life Saving NZ, rescue helicopters, the NZ Police, commercial vessels, Defence and a variety of smaller organisations or assets including members of the public.

The SAR sector's revenue comes from a variety of sources, including Crown funding through Vote Transport, Vote Police, Vote Conservation, and Vote Defence, and hypothecated funding collected under the LTMA (which recognises FED paid by recreational boat users). Commercial sponsorship, local fundraising, community grants, class 4 gaming (including gaming machines from pubs and clubs) and the Lotteries Grants Board also provide funding to the wider search and rescue and recreational safety sectors.

The Ministers of Transport and Finance are empowered by the LTMA to allocate FED funding for SAR purposes. The NZSAR Council (on behalf of the Ministry) administers approximately $21.8 million per annum of FED investment into SAR sector agencies. The NZSAR Council (on behalf of the Ministry) also administers the Government's investment of $15.1 million per annum into frontline water safety rescue and prevention services (Coastguard NZ and Surf Life Saving NZ).

Appendix 2 Cross system collaboration

Maritime Security

You are the lead minister for Maritime Security and the Ministry is the lead agency for maritime security policy. The Ministry chairs the Maritime Security Oversight Committee (MSOC) which is responsible for oversight of New Zealand's maritime security and comprises 11 maritime security agencies. MSOC developed a Maritime Security Strategy (endorsed by Cabinet in 2019) in response to multiple, increasing security pressures.

There are 12 core national security issues within the National Security Strategy with each issue assigned a Strategic Coordination Agency. The Ministry performs the role for maritime security, and the Ministry sits on the National Security Board where is it also able to represent other national security issues such as transport security and the supply chain.

Border Executive Board

The Border Executive Board (BEB) is an interdepartmental executive board with six member agencies – New Zealand Customs Service (chair), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Manatū Hauora Ministry of Health, and Te Manatū Waka Ministry of Transport. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination and improvement activity.

Climate Change Chief Executives Board

New Zealand has international commitments under the Paris Agreement, and a domestic legislative framework (under the Climate Change Response Act 2002) that commits the Government to ambitious emissions reduction targets and to improving our resilience and ability to adapt to the effects of climate change. The Climate Change Chief Executives Board was established in July 2022 as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to align and co-ordinate cross-department climate change action.

The Board comprises eight chief executives, is chaired by the Secretary for the Environment, and is responsible to the Prime Minister for its operations. The Ministry of Transport's Chief Executive serves on the Board to drive collaboration with other key departments alongside delivering on your transport portfolio commitments.

While the Board is responsible for overseeing the delivery of the first emissions reduction plan and national adaptation plan as a whole, Te Manatū Waka remains accountable for the delivery of actions within your portfolio.

For more information on the Board and its work, please refer to the Climate Change Chief Executives Board BIM.

Appendix 3 Summary of transport agencies, Crown entities, state owned enterprises, and their functions

Agency/SOE	Key Functions
Te Manatū Waka Ministry of Transport	The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and also on funding and governance of the transport Crown entities. The Ministry has key functions under five key levers (previously detailed).
Waka Kotahi	Waka Kotahi is a Crown agent primarily governed by the Land Transport Management Act 2003 (LTMA) and Crown Entities Act 2004. Waka Kotahi's functions include investing in, and managing most aspects of the land transport network, including rail. Waka Kotahi has a set of statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and exercises enforcement powers. Waka Kotahi has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing, and certification and revenue collection.
Civil Aviation Authority (CAA)	CAA is a Crown agent primarily governed under the Civil Aviation Act 1990 and Crown Entities Act 2004. Led by the Director of Civil Aviation, the Authority has seven business groups performing safety and security regulatory and service delivery functions across the breadth of the aviation system, so that people feel safe and are safe when they fly.
Maritime New Zealand (MNZ)	MNZ is a Crown agent established under the Maritime Transport Act 1994. It is responsible for promoting a safe, secure, clean and sustainable maritime environment for all commercial and recreational activities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people. MNZ has both a domestic and international focus.
Transport Accident Investigation Commission (TAIC)	TAIC is an independent Crown entity, and acts as a standing commission of inquiry. The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the future, rather than to ascribe blame. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers.
City Rail Link Limited	City Rail Link Limited is listed as a company under Schedule 4A of the Public Finance Act. It was established in 2017 by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL) project. The Crown and Auckland Council jointly own City Rail Link Limited (with a 51/49% shareholding respectively). You are jointly responsible, with the Minister of Finance, for the Crown's interest in City Rail Link Limited (as shareholding Ministers). Board appointments require joint agreement from the Crown and Auckland Council. The City Rail Link project is delivered in accordance with the terms set in the Project Delivery Agreement. The Project Delivery Agreement is a contractual agreement between the Crown, Council and City Rail Link Limited that sets out the terms for City Rail Link Limited to manage the delivery of the CRL project on behalf of the Crown and Council, as joint sponsors of the project.

Agency/SOE	Key Functions
Auckland Light Rail Limited	Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004 to deliver a Detailed Business Case (DBC) by mid-2024 for the Crown to make a final investment decision on a light rail route from the Auckland city centre to Auckland Airport. The ALR project includes urban development and integration with other transport initiatives and systems, such as the Additional Waitematā Harbour Crossing, You are jointly responsible for ALRL along with the Minister of Finance and the Minister of Housing with each Minister having a 1/3 share in ALRL. In addition, Auckland Council and Manu Whenua representatives are joint sponsors along with the Crown. Development of detailed planning is delivered in accordance with the Project Planning and Funding Agreement. This is a contractual agreement between the Crown, Council and ALRL that sets out the terms for ALRL to manage the delivery of the Auckland Light Rail project.
KiwiRail	KiwiRail is a SOE responsible for operating freight and tourism passenger services on 3,700 kilometres of rail network and three inter-island ferries. KiwiRail owns, maintains and upgrades the national rail network and associated infrastructure, including the rail networks used by Auckland and Wellington passenger rail services. KiwiRail is also responsible for operating Te Huia, which connects Hamilton to Auckland. Auckland Transport and Greater Wellington Regional Council are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots. KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive.
Meteorological Service of New Zealand Ltd (MetService)	The core purpose of MetService is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making. MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the state highway network and other major roads.
Airways Corporation of New Zealand Ltd (Airways)	Airways is a commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions. Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region. Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invest in new technology that enhances safety and delivers real economic and environmental benefits for customers and the public. As an ANSP, Airways is regulated by CAA and provides its service in line with Civil Aviation Rules and international standards.

Briefing to the Incoming Minister (System)

Your guide to the Transport system

transport.govt.nz

Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

He pepa whakamōhiotanga mō te Minita | Briefing to the Incoming Minister (System)

Te Manatū Waka Ministry of Transport

October 2023

Contents

Glossary of terms and abbreviations

Editing Note – being generated when document is finalised

A snapshot of your portfolio – MOCK UP

Trucks, trains, ships and airplanes carried about **280 million tonnes of freight** around New Zealand (2017/18)

Around **200,000 New Zealanders** (5 % of the workforce) are employed in transport-related industries

Transport produces 39 percent of our domestic carbon dioxide emissions and 17 percent of total greenhouse gas emissions

11,201km state highways

86,152km local roads

There are over **4.5 million vehicles** in the fleet, **64,000 of these are fully electric light vehicles**

25.8% of people in Auckland, 15.8% of people in Wellington and 23.6% of people in Christchurch have access to frequent public transport services. (2021/22)

377 road fatalities in 2022 (as at August 2023)

16% of jobs are accessible by public transport compared to 43% of jobs accessible by car within 45 minutes during weekday morning peak (2022/23)

Transport CO_2 emissions are from:
- 45% Light passenger vehicles
- 27% Heavy vehicles
- 17% light commercial vehicles

4,563km track in rail network

10 rail fatalities in 2022 (as at August 2023)

74.9% of all journeys made on strategic freight and tourist routes achieved the predictability travel time target (2022/23)

87% of domestic freight was moved by road and 13% by rail (2022/23)

NZ marine economy contributed $6.5 billion to New Zealand's economy (2022/23).

$65.6 billion of NZ's exports and $70.7 billion in imports is carried by maritime (2022/23).

37 maritime fatalities in 2022 (as at August 2023)

New Zealand's search an rescue region is one of the largest in the world, spanning over 30 million km2

Aircraft
- 2,082 aeroplanes
- 895 helicopters
- 323 amateur-built aeroplanes

4.98 million international passengers were screened at aviation security (2022/23).

6.89 million domestic passengers were screened through aviation security (2022/23)

26.48 million bags screened at aviation security

3 aviation fatalities in 2022 (as at August 2023)

Shaping our transport system

Introduction

This briefing describes your role and responsibilities as Minister of Transport, along with those of Te Manatū Waka Ministry of Transport (the Ministry), government transport agencies, State-Owned Enterprises, and key stakeholders you will work with. It also outlines the tools available to you for influencing the transport system and enabling better outcomes for everyone in New Zealand.

This briefing should be read in conjunction with the Strategic BIM.

The Transport Portfolio

The transport system is a significant part of our social and economic infrastructure, providing the links that help establish and sustain our economy and society.

The transport system includes:

- vehicles that move people and products
- physical infrastructure (e.g., airports, seaports, the rail network, roads, busways, and cycleways)
- transport services (e.g., public transport, bike- sharing, ride-sharing)
- digital infrastructure (e.g., satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- institutions and regulatory systems that influence how the transport system functions and develops (e.g., through their management practices, rules, policies, and investment tools).

Transport is a delivery arm of many broader government strategies, and many key government priorities will not be achieved unless transport plays its part: reaching New Zealand's emissions targets, growing the economy and connecting to markets, and enabling economic and social mobility in our towns and cities. Transport cannot achieve these priorities by itself, but its absence can slow or prevent their delivery.

Your role in the system

As Transport Minister you have a range of responsibilities, some of which you must do by law. These provide you with opportunities to influence the system. Your role as Minister is to set the overall direction for the transport system, including through:

- setting the overall direction for investment in the transport system through the Government Policy Statement on land transport (GPS).
- setting the regulatory framework by developing legislation and regulation to influence individual and business behaviour
- appointing board members to the transport Crown entities, setting their expectations and overseeing their delivery and performance.
- seeking Cabinet's agreement to the rates at which fees, charges, and levies are set. These are critical decisions because they determine the resourcing available to the transport agencies to deliver their regulatory responsibilities.

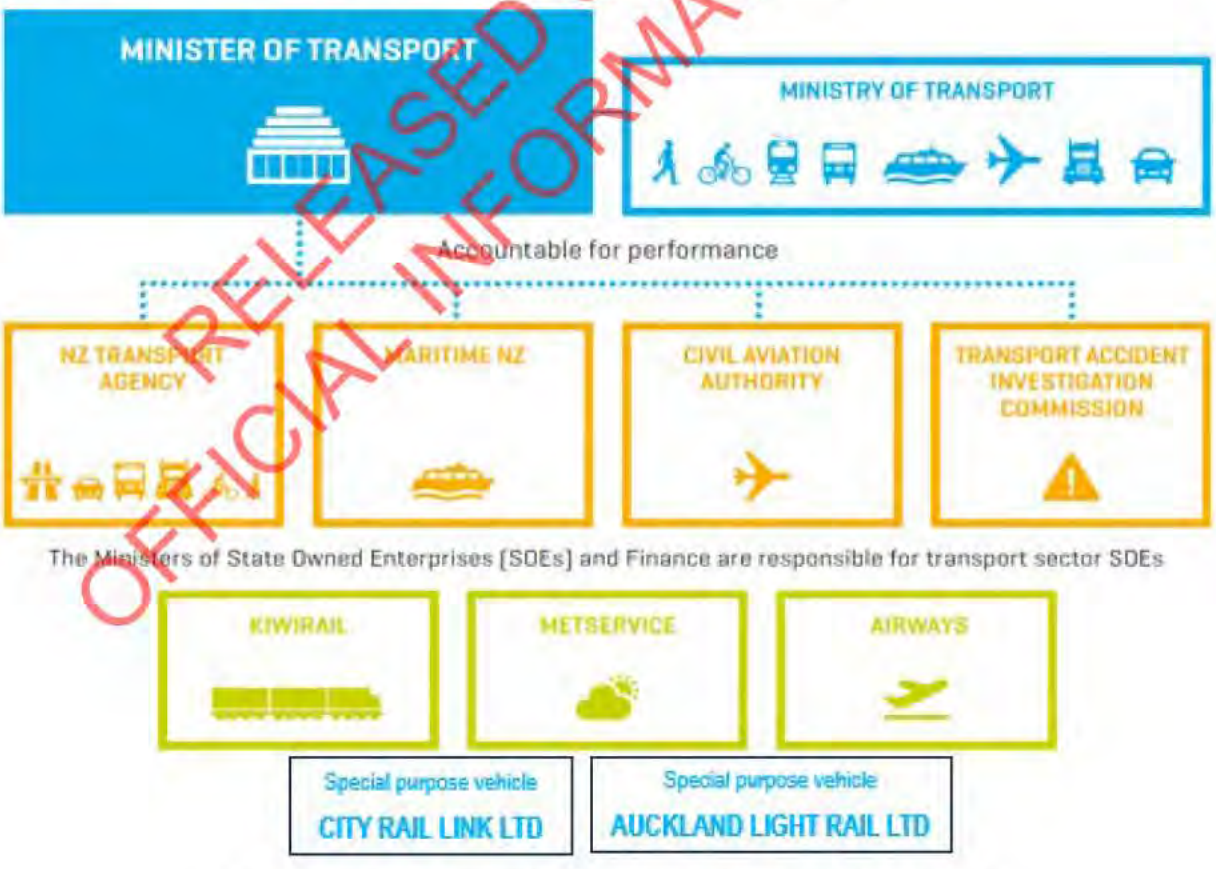
The different parts of the transport system

Central government is heavily involved in the transport system as a planner, funder, partner, enforcer, and regulator. A major part of your role will be working with transport sector agencies that help deliver the Government's objectives, these include:

- Te Manatū Waka Ministry of Transport (the Ministry) is a government department.
- Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) and the Transport Accident Investigation Commission (TAIC) are transport agencies, with TAIC as an independent Crown entity.
- There are three state-owned enterprises (SOEs): KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService).
- Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004. Additionally, City Rail Link Limited is the sole company under Schedule 4A of the Public Finance Act, jointly established by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL).

You have different roles and responsibilities in relation to each of these agencies.

Figure 1 Relationship between you, the Ministry, SOEs and agencies



**The Ministers of Transport and Finance are jointly responsible for CRLL and ALRL*

We can help you understand the implications of your decisions on the transport system, from modelling the impacts, to monitoring and evaluating the effectiveness of policies and investment in infrastructure. For example, the Ministry has developed a **National Transport Model (Monty)** to understand how people interact with the transport system.

The **Ministry's Transport Sector Monitoring Framework** provides a consistent approach to monitoring how well services or interventions are being delivered, whether they have been delivered in a timely and fiscally responsible way and if outcomes have been achieved..

The **Transport Evidence Base Strategy (TEBS)** and the **Decarbonising Transport Research Strategy (DTRS)** set out the paths to ensure the transport sector has the right data, information, research and evaluation to support policy decisions. Implementing the TEBS and the DTRS is the responsibility of transport agencies (e.g., through the Land Transport Sector Research Programme managed by Waka Kotahi) and SOEs, working alongside local government and other stakeholders.

Key transport responsibilities

As Minister, you have a range of levers to influence the transport system. There are differences in the way the various levers are exercised for each mode, and each mode has its own regulatory model. Our advice to you will always focus on how you can make use of these levers to achieve your objectives.

You are responsible for 20 transport Acts which set out:

- the roles and functions of the Ministry, transport agencies, and SOEs
- the planning and funding arrangements for land transport
- the roles and powers of local authorities for transport activities and road controlling authorities
- licensing and certification arrangements for transport system users, vehicles and technology
- the requirements for making transport regulations and rules
- compliance tools to promote adherence to safety, security and environmental requirements across transport modes.

Investment and revenue

Investing in transport infrastructure is a priority for any Government. Investment comes from range of funding sources, including the National Land Transport Fund (NLTF) revenue, local authority funds, Crown funds and loans. This investment is used to build, operate and maintain the network and services and influence how people decide to travel through funding alternative travel options.

The GPS allows you to guide investment from the NLTF

The GPS outlines what the Government wants to achieve in land transport, and how it expects to see funding allocated between types of activities (for example, roading, public transport and road safety) across the land transport system. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years

While you can use the GPS to indicate what types of transport activities you want delivered, you cannot specify what individual projects are funded using hypothecated NLTF revenue.

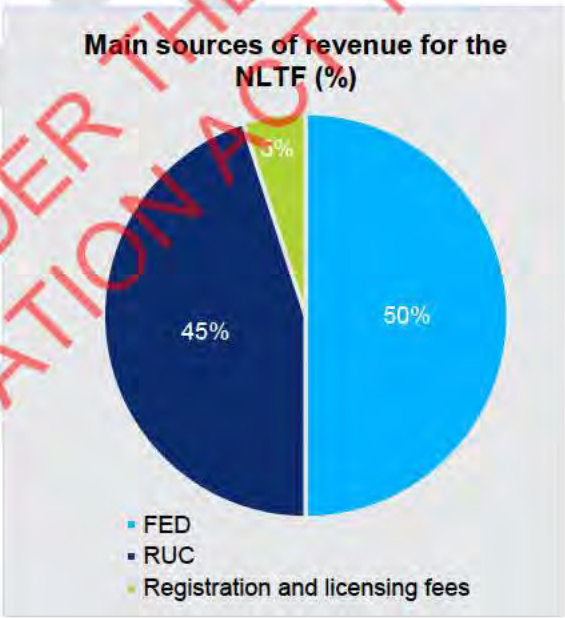
The Land Transport Management Act 2003 (LTMA) requires you to issue a GPS. This statutory document allows you to guide investment from the NLTF and can be used both to maintain a level of service and drive change on the land transport network, while delivering value for money. This is done through applying the Ministry's value for money assessment model in the appraisal and evaluation process and establishing funding ranges for activity classes. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years.

The LTMA gives Waka Kotahi statutory independence to select projects for the National Land Transport Programme (NLTP). However, the GPS can set an expectation for Waka Kotahi to consider government programmes and priorities when allocating funding through the NLTP.

The NLTF is mainly funded by motor vehicle users

The NLTF is administered by Waka Kotahi and collects about $4.2 billion per annum. The main sources of revenue for the NLTF are:

- Fuel Excise Duty (FED) which is tax applied at a rate of 70c/l to petrol and 10.4c/l to liquid petroleum gas.
- Road User Charges (RUC) which is a distance-based charge applied to diesel vehicles and heavy vehicles over 3.5 tonnes. Different RUC rates are applied to vehicle classes depending on weight and axle configuration and range from $76 to over $1,000 per 1,000 km travelled.
- Motor vehicle registration and annual licensing fees



Revenue from the fund is invested in state highways, coastal shipping, local roads, road policing, walking and cycling, and public transport. Local government matches the $1 billion contribution from the NLTF with another $1 billion per year of its own funding.

National rail network maintenance and renewals investment is also funded through the NLTF as part of the Rail Network activity class. KiwiRail is required to prepare a Rail Network Investment Programme (RNIP) every three years, and you are responsible, as Minister for Transport, for approving KiwiRail's RNIP

You can adjust the rate of charges and duties for the NLTF to meet your priorities

RUC rates are set through the RUC Rates Regulations 2015 and changes must be confirmed by Parliament. FED is generally set through amendments to the Customs and Excise Act 2018 and sometimes by an Order in Council.

Crown funds can supplement transport revenue and be used to purchase specific projects or programmes

Not all investment in the transport sector has been able to be met from the NLTF. Increasingly, the Crown has made direct investments in specific transport activities through the annual budget process led by the Minister of Finance.

Unlike investment from the NLTF where the Waka Kotahi Board has an independent role in overseeing and monitoring expenditure, ministers are accountable for Crown-funded activities. Ministers have decision making rights when changes are needed to the budget, scope or timeframes for these projects. While bodies like Waka Kotahi or KiwiRail may deliver Crown-funded activities and investment programmes, the Crown usually establishes additional oversight arrangements for any projects or programmes with Crown funding, such as the NZ Upgrade programme. These arrangements give Ministers assurance the intended investment outcomes are being achieved.

Economic and educational tools

You can use travel demand management tools to drive behaviour change within the transport system

Pricing and other economic tools can be used to encourage more efficient use of the network and can be used by local government to influence travel choices and decisions. Such tools include differential charging of public transport (e.g., reduced off-peak fares), subsidised public transport fares, tolling, congestion charging, and parking fees.

Tolling, for examples, can contribute to the cost of building and maintaining new roads. You are the key decision maker and responsible for recommending to the Governor General that a road is tolled under the LTMA. The Ministry will provide advice on tolling proposals, liaise with the Road Controlling Authorities, and advise on the legislative process to establish a tolling order.

Information and education are used in road safety and can nudge people to make more informed travel decisions by communicating information about their travel choices. Examples of ways we can influence travel choices and decisions include travel planning apps, social media marketing, information provision, and mass media campaigns.

The greatest benefits come from combining economic and educational instruments with complementary measures, such as infrastructure provision and legislative changes. In doing so, these measures help to achieve the outcomes you want to see in the transport system.

Regulation

You have a range of tools in the transport regulatory system to deliver durable transport outcomes

Regulation is indispensable to the proper functioning of economies and societies. Regulation underpins markets, creates an enabling environment for firms and individuals, protects the rights and safety of citizens, and ensures the delivery of public goods and services.

The system is comprised of primary and secondary legislation (which includes regulations, rules, and other instruments) and local government by-laws[1]. You are responsible for the passage of primary transport legislation through Parliament. The Ministry supports you to do this.

Some transport regulation involves the direct prohibition or authorisation of some commercial activity. For example, foreign ships are prohibited from carrying coastal cargo, except in specific circumstances and with approval. Airlines operating scheduled international services require an international air services licence, issued within parameters set out in Air Services Agreements. Some parts of the transport sector are subject to regulation by other agencies, e.g., the Commerce Commission regulates the disclosure of pricing by airports given their monopolistic nature.

Regulations set out associated offences and penalties, fees, and charges

Transport regulations mainly set out the associated rule-related offences and penalties, and fees and charges that fund the work of the transport agencies. The Ministry leads the development of these with involvement from transport agencies and SOEs, and the NZ Police depending on the subject. Regulations must be approved by Cabinet.

Transport rules contain detailed standards, requirements and procedures that govern transport activities

Transport rules are the most common form of delegated legislation for transport. Rules contain detailed technical standards, requirements, and procedures governing transport activities within modes. You are empowered under primary legislation to make these rules through delegated responsibilities. You are expected to advise Cabinet you intend to make a rule if there would be wide-ranging impacts. There is an expedited rule making process where urgent changes can be made by Order in Council.

The transport Crown entities develop most transport rules with the Ministry's involvement, but the Ministry leads policy development on significant rules.

Transport instruments support a more flexible regulatory system

Transport instruments improve the flexibility of the rule-making process by having more customised consultation requirements, meaning changes that only affect a small number of transport users can be progressed quickly. Transport instruments are more easily amended in response to technological innovation.

Transport instruments are outlined in a rule made by you as Minister of Transport, with the design and management delegated to a specified official (such as the Director of the relevant transport agency). Several transport instruments exist in Maritime legislation, with more planned in other modes as part of work on secondary legislation. The Civil Aviation Act 2023 (which comes into force in 2025) also empowers the Minister to create transport instruments.

Crown monitoring, assurance, and oversight

You have a role in appointing board members to the transport agencies, setting their expectations and monitoring their performance.

[1] As Transport Minister you have powers to amend, replace or disallow some local government bylaws.

Crown entity monitoring and oversight is a key mechanism to deliver your priorities

The Ministry and the transport Crown entities work collaboratively to progress your priorities and the delivery of transport outcomes, and other priority actions to maintain and renew the system.

Your role as responsible Minister of these entities is to oversee and manage the Crown's interests in, and relationship with, a statutory entity.[2] While you are ultimately accountable for their performance, the boards you appoint to these are primarily responsible.

The Crown carries out service delivery and regulation activities in the transport system through Crown transport entities and Crown companies: Waka Kotahi, MNZ, CAA, ALRL and CRL.

The Ministry is your monitoring agent for the transport Crown entities. The roles and responsibilities of the Minister, Crown entity and monitoring department are outlined in the *It Takes Three Framework*[3].

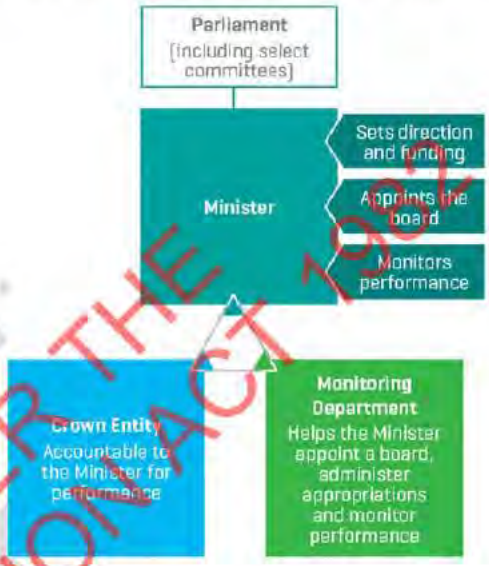


Figure 3 Roles and responsibilities of the Minister, Crown entity and monitoring department

You have a vital role in overseeing the delivery and performance of key transport agencies

Your oversight role, supported by the Ministry, is vital to ensure the transport Crown entities are effectively performing their functions, many of which deliver critical services to New Zealanders. Below are a range of accountability mechanisms that the Ministry will advise you on to assist you in overseeing the transport Crown entities and meeting your statutory responsibilities.

The capability and performance of the transport entity boards is critical in delivering your priorities and expectations

Each Crown entity and company is governed by a board. There are a maximum of 69 ministerial appointed positions across the transport sector. This is comprised of up to 23 positions on Crown entities, including positions on the ALRL Board, TAIC Commissioners, CRLL Board, Aviation Medical Conveners, and advisory committee positions.

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power, perform the functions of each entity and hold responsibility for the operational decisions of their entities. You appoint and oversee those boards as responsible Minister and are assisted by the Ministry as your monitoring agent, assisting you in discharging your statutory functions.

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2 As defined under section 27 of the Crown Entities Act

3 https://www.publicservice.govt.nz/guidance/it-takes-three-operating-expectations-framework-for-statutory-crown-entities/

Before appointments fall due, we will provide you with advice to support the appointment and re-appointment of board members. As part of this process, we will provide you with an overall assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective, and high performing.

Table 1 Accountability mechanisms

Accountability Mechanism	Description
Letter of Expectations	Primary mechanism used to set the priorities and performance expectations on an annual basis. You can expect to receive draft letters from the Ministry around October/November. These letters are sent out well in advance of the financial year, so Crown entities can respond effectively.
Statement of Intent	Sets out the entity's strategic intentions against the Government's priorities and direction. The Statement of Intent is developed by an entity for at least a four-year period.
Statement of Performance Expectations	Sets out the entity's annual delivery and performance expectations against your Letter of Expectations and the Statement of Intent. Entities are required to provide their final drafts of their Statements of Performance Expectations for your comment before 1 May each year.
Annual Report	Sets out entities' annual non-financial and financial performance against the expectations set out in the Statement of Performance Expectations. You can expect to receive annual reports from each entity around October.
Quarterly reporting	Performance reporting provided by the entity against the priorities and expectations set out in the Statement of Performance Expectations.

You will have regular meetings with Crown entity chairs to discuss entity governance, performance and key risks. The Ministry will provide you with advice to assist in your engagement.

The Ministry also conducts other assurance, funding, contracting and reviewing activit es

In addition to overseeing and monitoring the Crown entities and companies on your behalf, the Ministry also conducts other activities for government transport initiatives and programmes, Crown entities and Crown companies. For example, providing advice on and monitoring programmes such as the NZ Upgrade Programme, the Climate Emergency Response Fund (CERF), and managing the MetService contract to ensure New Zealand has a service that fulfils the World Meteorological Organisation Technical Regulations.

The Ministry uses the **Transport Sector Monitoring Framework** which provides a structured approach to monitor interventions. This assesses entity governance, capability and performance, how entities communicate information to the board, their assurance mechanisms for key projects and programmes, and whether the board is receiving the necessary information from an entity. The approach is informed by your priorities and our assessment of key risks for each entity.

Influencing the international environment

New Zealand's transport regulatory systems are significantly shaped by international obligations, standards and recommended practices. New Zealand benefits strongly from international transport

regulatory frameworks, which underpin our international connections and facilitate our trade in goods and services.

The Ministry and the Crown Entities work together to:

- monitor and understand what is happening internationally, and how it affects, or may affect, New Zealand's transport system
- influence relevant international standards to protect and promote New Zealand's interests
- ensure New Zealand meets its international transport commitments.

A wide range of international organisations influence New Zealand's transport settings. Some of the key organisations the Ministry works with, and their role, are:

- **The International Civil Aviation Organisation:** sets standards and regulations for the aviation sector (international safety, security, and environmental protections).
- **International Maritime Organisation:** sets standards and regulations for the maritime sector (international safety, security, and environmental protections).
- **International Labour Organisation**: sets conditions of work and employment on ships (under the Maritime Labour Convention).
- **United Nations working parties**: New Zealand has obligations as a party to two United Nations Agreements relating to road vehicle and road vehicle standards. Under these agreements, regulations and standards are set to improve road safety and facilitate international trade.
- **World Meteorological Organisation:** Fulfils New Zealand's obligations under the World Meteorological Organisation, the United Nations specialised agency for weather, climate, and water, by way of the Ministry's contract with MetService.

Your engagement at the international level is important

The Ministry will provide advice on where we consider there will be good value in your engagement in Ministerial-level forums.

Key opportunities over the next year may include:

- The Transport and Infrastructure Council.
- Pacific Transport Ministerial-level meetings.
- International Transport Forum (ITF) Annual Ministerial Summit.
- Asia-Pacific Economic Cooperation (APEC) Ministerial meeting.

Delivering your priorities

As your Ministry, we can help to embed your priorities and connect them with whole of government priorities and advise you on how to use the available levers to achieve your short-, medium-, and longer-term goals. This includes working with the transport agencies to develop a coherent strategic view of the longer-term needs for the transport system.

Medium term-strategies that use a package of interventions to address specific issues may be developed or amended. For example, the **Road to Zero** strategy was developed to respond to a sustained high level of deaths and serious injuries on New Zealand roads. The strategy supports a range of actions to reduce road trauma which can be monitored and adjusted over time.

Transport sector agencies also support a range of cross-government strategies. For example, the Ministry and the CAA also have important roles in supporting the implementation of the **Aotearoa New Zealand Aerospace Strategy**, led by the Ministry of Business, Innovation and Employment.

Additionally, there are short-term transport sector delivery plans, many of which are governed by Acts of Parliament and are key components of the transport planning and funding system. For example, the **Decarbonising Transport Action Plan (2022-25)** sets out what the Government will do to implement the transport actions in the first Emissions Reduction Plan and what we need to reduce our transport emissions by 41 percent by 2035 and reach net zero by 2050.

Transport's role within the wider system

Outside of existing collaboration between government agencies and SOEs, collaboration with other stakeholders in the transport system is critical to realising positive transport outcomes.

Effective and meaningful engagement with stakeholders from local government, the private sector, researchers and iwi will be critical to achieving government priorities and shaping the transport system. We can provide you with further advice on engagement that you should prioritise, and when.

There are other important levers that transport does not 'own', but there are actions that can be taken to influence these. For example, land use is an important lever that requires cross-system collaboration and agreement.

Given its role as a key enabler of social and economic connections, the transport system intersects with a wide range of other systems at the local, national and global levels. This underlines the need to coordinate and recognise the impacts decisions in transport may have on other sectors.

Figure 4 below illustrates some of the key relationships with the transport system, and Appendix 2 includes further detail on some key areas where a coordinated response and decisions are required, including maritime security, border security and climate response.

Figure 4 Transport's role within the wider system

Notes

1 Key groupings
2 * Secretary for Transport attends ODESC as required

Appendix 1 Emergency Management and search and rescue functions

Emergency Management and search and rescue functions

Emergency Management

The transport system is vulnerable to major natural events and man-made shocks that disrupt services. The Ministry exercises its system stewardship role by being the transport sector lead on resilience and security policy matters with other government agencies such as the Department of Prime Minister and Cabinet (DPMC), the National Emergency Management Agency (NEMA), and the National Security System. The Ministry works closely with the other transport Crown entities to plan for future needs and emergencies so the transport sector can respond efficiently and effectively to system disruptions or damaged infrastructure.

System planning and preparedness is reviewed during DPMC-led Officials Committee for Domestic and External Security Coordination (ODESC) forums and exercised as part of the NEMA-led all-of-government National Exercise Programme. During significant responses the Ministry will activate and lead the Transport Response Team (TRT), which acts as the sector coordinating entity for transport under the Civil Defence and Emergency Management Act. As a non-operational agency, the Ministry's role is to coordinate the transport sector and ensure a single transport voice is provided to the lead agency for the response and to Ministers.

New Zealand Search and Rescue Council

New Zealand's 30 million km^2 Search and Rescue (SAR) region (the world's third largest) extends from the South Pole to the southern border of the Honolulu region, halfway to Australia and Chile, and includes American Samoa, Cook Islands, Niue, Norfolk Island, Samoa, Tokelau, and Tonga. Collectively, the SAR sector comprises approximately 11,095 people from a wide variety of public, non-government and commercial organisations of whom around 89 percent are volunteers. During the 2022/23 year, the sector saved 137 lives, rescued 744 people, and assisted a further 1130 people. These actions averted $1.639 billion in social costs to New Zealand.

The New Zealand Search and Rescue (NZSAR) Council, established by Cabinet in 2003 provides strategic governance, leadership to the SAR sector, man ges the governments investment into the sector and provides SAR advice to Ministers. The Council consists of the chief executives of departments with SAR responsibilities and includes the Ministry (chair), Maritime NZ (MNZ), the Civil Aviation Authority, the Department of Conservation, the NZ Police, the New Zealand Defence Force, Fire and Emergency NZ, and a non-government independent member.

The Ministry receives funding for and hosts the NZSAR Secretariat. Either the NZ Police or the Rescue Coordination Centre NZ (which is an operating group within MNZ) coordinates SAR operations. The responsible coordinating authority will request the use of SAR assets depending on the requirements of the operation. A wide variety of organisations may participate in SAR operations, including the Department of Conservation, NZ Land Search and Rescue, Coastguard NZ, Surf Life Saving NZ, rescue helicopters, the NZ Police, commercial vessels, Defence and a variety of smaller organisations or assets including members of the public.

The SAR sector's revenue comes from a variety of sources, including Crown funding through Vote Transport, Vote Police, Vote Conservation, and Vote Defence, and hypothecated funding collected under the LMTA (which recognises FED paid by recreational boat users). Commercial sponsorship, local fundraising, community grants, class 4 gaming (including gaming machines from pubs and clubs) and the Lotteries Grants Board also provide funding to the wider search and rescue and recreational safety sectors.

Ministers of Transport and Finance are empowered under the LTMA to allocate FED funding for SAR purposes. The NZSAR Council (on behalf of the Ministry) administers approximately $21.8 million per annum of FED investment into SAR sector agencies. The NZSAR Council (on behalf of the Ministry) also administers the government's investment of $15.1 million per annum into frontline water safety rescue and prevention services (Coastguard NZ and Surf Life Saving NZ).

Appendix 2 Cross system collaboration

Maritime Security

You are the lead minister for Maritime Security and the Ministry is the lead agency for maritime security policy. The Ministry chairs the Maritime Security Oversight Committee (MSOC) which is responsible for oversight of New Zealand's maritime security and comprises the lead 11 maritime security agencies. MSOC developed a Maritime Security Strategy (endorsed by Cabinet in 2019) in response to multiple, increasing security pressures.

There are 12 core national security issues within the National Security Strategy with each issue assigned a Strategic Coordination Agency. The Ministry performs that role for maritime security so sits on the National Security Board where is it also able to represent other national security issues such as transport security and the supply chain.

Border Executive Board

The Border Executive Board (BEB) is an interdepartmental executive board with six member agencies – New Zealand Customs Service (chair), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Manatū Hauora Ministry of Health, and Te Manatū Waka Ministry of Transport. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination and improvement activity.

Climate Change Chief Executives Board

New Zealand has international commitments under the Paris Agreement, and a domestic legislative framework (under the Climate Change Response Act 2002) that commits the government to ambitious emissions reduction targets and to improving our resilience and ability to adapt to the effects of climate change. The Climate Change Chief Executives Board (the Board) was established in July 2022 as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to align and co-ordinate cross-department climate change action.

The Board comprises of eight chief executives, is chaired by the Secretary for the Environment, and is responsible to the Prime Minister for its operations. The Ministry of Transport's Chief Executive serves on the Board to drive collaboration with other key departments alongside delivering on your transport portfolio commitments.

While the Board is responsible for overseeing the delivery of the first emissions reduction plan and national adaptation plan as a whole, Te Manatū Waka remains accountable for the delivery of actions within your portfolio.

For more information on the Board and its work, please refer to the Climate Change Chief Executives Board BIM.

Appendix 3 Summary of agencies, state owned enterprises, and their functions

Agency/SOE	Key Functions
Te Manatū Waka Ministry of Transport	The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and also on funding and governance of the transport Crown entities. The Ministry has key functions under five key levers (previously detailed).
Waka Kotahi	Waka Kotahi is a Crown entity primarily governed by the Land Transport Management Act 2003 (LTMA) and Crown Entities Act 2004. Waka Kotahi's functions include investing in, and managing most aspects of the land transport network, including rail. Waka Kotahi has a set of statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and exercises enforcement powers. Waka Kotahi has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing and certification and revenue collection.
Civil Aviation Authority (CAA)	CAA is a Crown entity primarily governed under the Civil Aviation Act 2023 and Crown Entities Act 2004. Led by the Director of Civil Aviation, the Authority has two functional divisions: Civil Aviation Authority performs safety and security regulatory functions, and Aviation Security Service (Avsec) delivers aviation security services at New Zealand's six security designated airports
Maritime New Zealand (MNZ)	MNZ is a Crown entity established under the Maritime Transport Act 1994. It is responsible for promoting a safe, secure, clean and sustainable maritime environment for all commercial and recreational act vities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people. MNZ has both a domestic and international focus.
Transport Accident Investigation Commission (TAIC)	TAIC is an independent Crown entity, and acts as a standing commission of inquiry. The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the uture, rather than to ascribe blame. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers.
City Rail Link Limited	City Rail Link Limited is listed as a company under Schedule 4A of the Public Finance Act. It was established in 2017 by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL) project. The Crown and Auckland Council jointly own City Rail Link Limited (with a 51/49 percent shareholding respectively). You are jointly responsible, with the Minister of Finance, for the Crown's interest in City Rail Link Limited (as shareholding Ministers). Board appointments require joint agreement from the Crown and Auckland Council. The Board operates independently to shareholding Ministers and Auckland Council, in accordance with the Project Delivery Agreement. The Project Delivery Agreement is a contractual agreement between the Crown, Council and City Rail Link Limited that sets out the terms for City Rail Link Limited to manage the delivery of the CRL project on behalf of the Crown and Council, as joint sponsors of the project.

Agency/SOE	Key Functions
Auckland Light Rail Limited	Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004 to deliver a Detailed Business Case (DBC) by mid 2024 for the Crown to make a final investment decision on a light rail route from the Auckland city centre to Auckland Airport. The ALR project includes urban development and integration with other transport initiatives and systems, such as the Additional Waitematā Harbour Crossing. You are jointly responsible for ALRL along with the Minister of Finance and the Minister of Housing with each Minister having a 1/3 share in ALRL. In addition, Auckland Council and Manu Whenua representatives are joint sponsors along with the Crown. The Board operates independently at arm's length to shareholding Ministers and Sponsors in accordance with the Project Planning and Funding Agreement. This is a contractual agreement between the Crown, Council and ALRL that sets out the terms for ALRL to manage the delivery of the Auckland Light Rail project.
KiwiRail	KiwiRail is a SOE responsible for operating freight and tourism passenger services on 3,700 kilometres of rail network and three inter-island ferries. KiwiRail owns, maintains and upgrades the national rail network and associated infrastructure, including the rail networks used by Auckland and Wellington passenger rail services. KiwiRail will also be responsible for operating Te Huia (Hamilton to Auckland start-up service), once it is operational. Auckland Transport and Greater Wellington Regional Council are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots. KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive.
Meteorological Service of New Zealand Ltd (MetService)	The core purpose of MetService is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making. MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the state highway network and other major roads.
Airways Corporation of New Zealand Ltd (Airways)	Airways is a commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions. Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region. Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invest in new technology that enhances safety and delivers real economic and environmental benefits for customers and the public. As an ANSP, Airways is regulated by CAA and provides its service in line with Civil Aviation Rules and international standards.

Briefing to the Incoming Minister (System)

Your guide to the Transport system

transport.govt.nz

Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

He pepa whakamōhiotanga mō te Minita | Briefing to the Incoming Minister (System)

Te Manatū Waka Ministry of Transport

October 2023

Glossary of terms and abbreviations

A snapshot of your portfolio

Trucks, trains, ships and airplanes carried about **280 million tonnes of freight** around New Zealand (2017/18)

Around **200,000 New Zealanders** (5 % of the workforce) are employed in transport-related industries

Transport produces 39 percent of our domestic carbon dioxide emissions and 17 percent of total greenhouse gas emissions

11,201km state highways

86,152km local roads

There are over **4.5 million vehicles** in the fleet, **64,000 of these are fully electric light vehicles**

25.8% of people in Auckland, 15.8% of people in Wellington and 23.6% of people in Christchurch have access to frequent public transport services. (2021/22)

377 road fatalities in 2022 (as at August 2023)

16% of jobs are accessible by public transport compared to 43% of jobs accessible by car within 45 minutes during weekday morning peak (2022/23)

Transport CO_2 emissions are from:
- 45% Light passenger vehicles
- 27% Heavy vehicles
- 17% light commercial vehicles

4,563km track in rail network

10 rail fatalities in 2022 (as at August 2023)

74.9% of all journeys made on strategic freight and tourist routes achieved the predictability travel time target (2022/23)

87% of domestic freight was moved by road and 13% by rail (2022/23)

NZ marine economy contributed $6.5 billion to New Zealand's economy (2022/23).

$65.6 billion of NZ's exports and $70.7 billion in imports is carried by maritime (2022/23).

37 maritime fatalities in 2022 (as at August 2023)

New Zealand's search an rescue region is one of the largest in the world, spanning over 30 million km2

Aircraft
- 2,082 aeroplanes
- 895 helicopters
- 323 amateur-built aeroplanes

4.98 million international passengers were screened at aviation security (2022/23).

6.89 million domestic passengers were screened through aviation security (2022/23)

26.48 million bags screened at aviation security

3 aviation fatalities in 2022 (as at August 2023)

Shaping our transport system

Introduction

This briefing describes your role and responsibilities as Minister of Transport, along with those of Te Manatū Waka Ministry of Transport (the Ministry), government transport agencies, State-Owned Enterprises, and key stakeholders you will work with. It also outlines the tools available to you for influencing the transport system and enabling better outcomes for everyone in New Zealand.

This briefing should be read in conjunction with the Strategic BIM.

The Transport Portfolio

The transport system is a significant part of our social and economic infrastructure, providing the links that help establish and sustain our economy and society.

The transport system includes:

- vehicles that move people and products
- physical infrastructure (e.g., airports, seaports, the rail network, roads, busways, and cycleways)
- transport services (e.g., public transport, bike- sharing, ride-sharing)
- digital infrastructure (e.g., satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- institutions and regulatory systems that influence how the transport system functions and develops (e.g., through their management practices, rules, policies, and investment tools).

Transport is a delivery arm of many broader government strategies, and many key government priorities will not be achieved unless transport plays its part: reaching New Zealand's emissions targets, growing the economy and connecting to markets, and enabling economic and social mobility in our towns and cities. Transport cannot achieve these priorities by itself, but its absence can slow or prevent their delivery.

Your role in the system

As Transport Minister you have a range of responsibilities, some of which you must do by law. These provide you with opportunities to influence the system. Your role as Minister is to set the overall direction for the transport system, including through:

- setting the overall direction for investment in the transport system through the Government Policy Statement on land transport (GPS).
- setting the regulatory framework by developing legislation and regulation to influence individual and business behaviour
- appointing board members to the transport Crown entities, setting their expectations and overseeing their delivery and performance.
- seeking Cabinet's agreement to the rates at which fees, charges, and levies are set. These are critical decisions because they determine the resourcing available to the transport agencies to deliver their regulatory responsibilities.

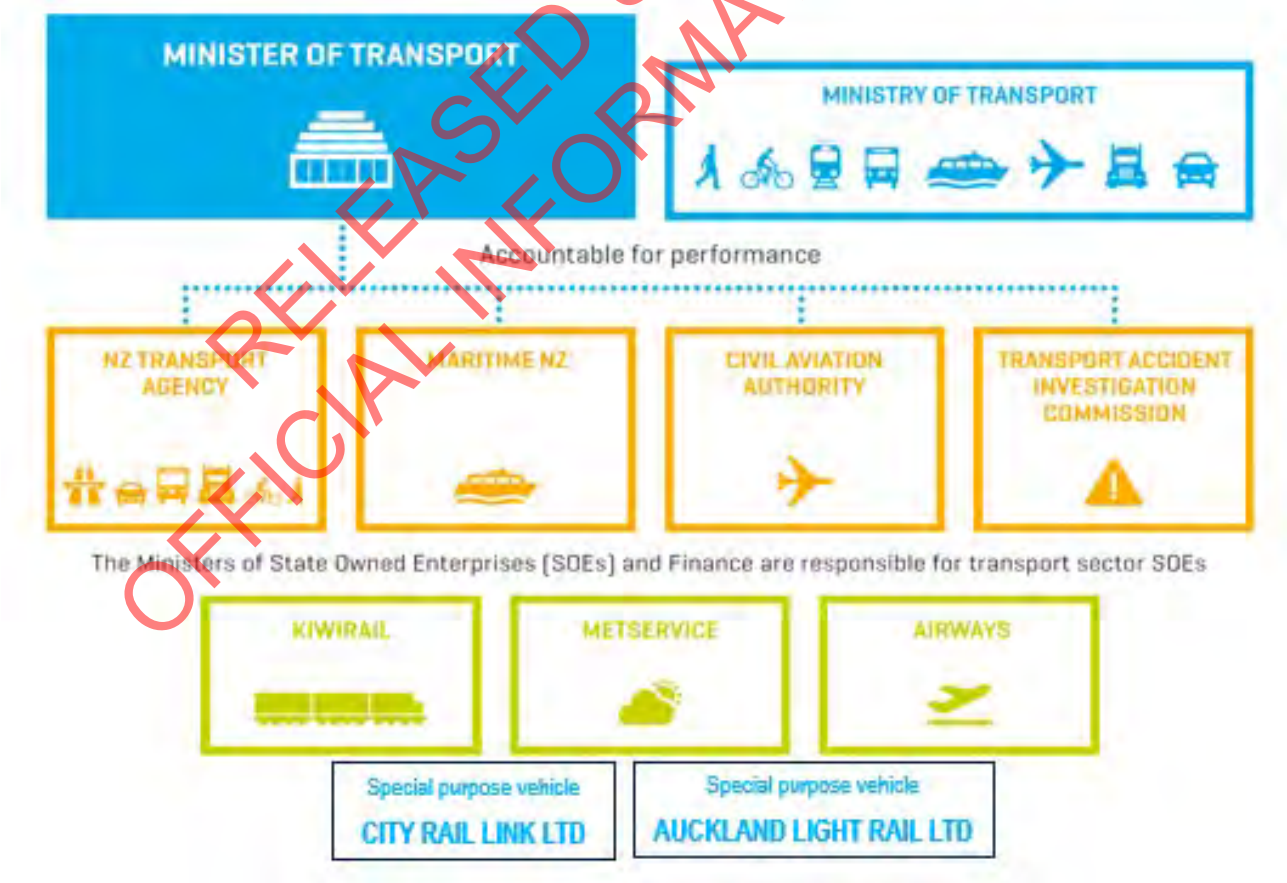
The different parts of the transport system

Central government is heavily involved in the transport system as a planner, funder, partner, enforcer, and regulator. A major part of your role will be working with transport sector agencies that help deliver the Government's objectives, these include:

- Te Manatū Waka Ministry of Transport (the Ministry) is a government department.
- Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) and the Transport Accident Investigation Commission (TAIC) are transport agencies, with TAIC as an independent Crown entity.
- There are three state-owned enterprises (SOEs): KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService).
- Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004. Additionally, City Rail Link Limited is the sole company under Schedule 4A of the Public Finance Act, jointly established by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL).

You have different roles and responsibilities in relation to each of these agencies.

Figure 1 Relationship between you, the Ministry, SOEs and agencies



**The Ministers of Transport and Finance are jointly responsible for CRLL and ALRL*

Measuring progress and using evidence

The Transport Outcomes Framework

The Transport Outcomes Framework (the Framework) (Figure 2) sets out a way of assessing the sector's performance and measuring progress against a range of outcomes. There are five inter-related outcomes, and the Framework is closely aligned with the Treasury's Living Standards Framework. The Ministry developed the Framework with input from sector stakeholders.

The Framework provides a consistent approach to assessing the effectiveness of policy proposals and delivery. The Framework helps us understand transport's many areas of influence across society and the economy and be more explicit about the trade-offs between the outcomes that are sometimes required. Because the outcomes are inter-related, they need to be met through a range of interventions. Different Governments can place their own emphasis across the outcomes and there is no single 'right' approach.

To support the Framework, there is a set of quantitative indicators to track transport's contribution against the five outcomes over time.

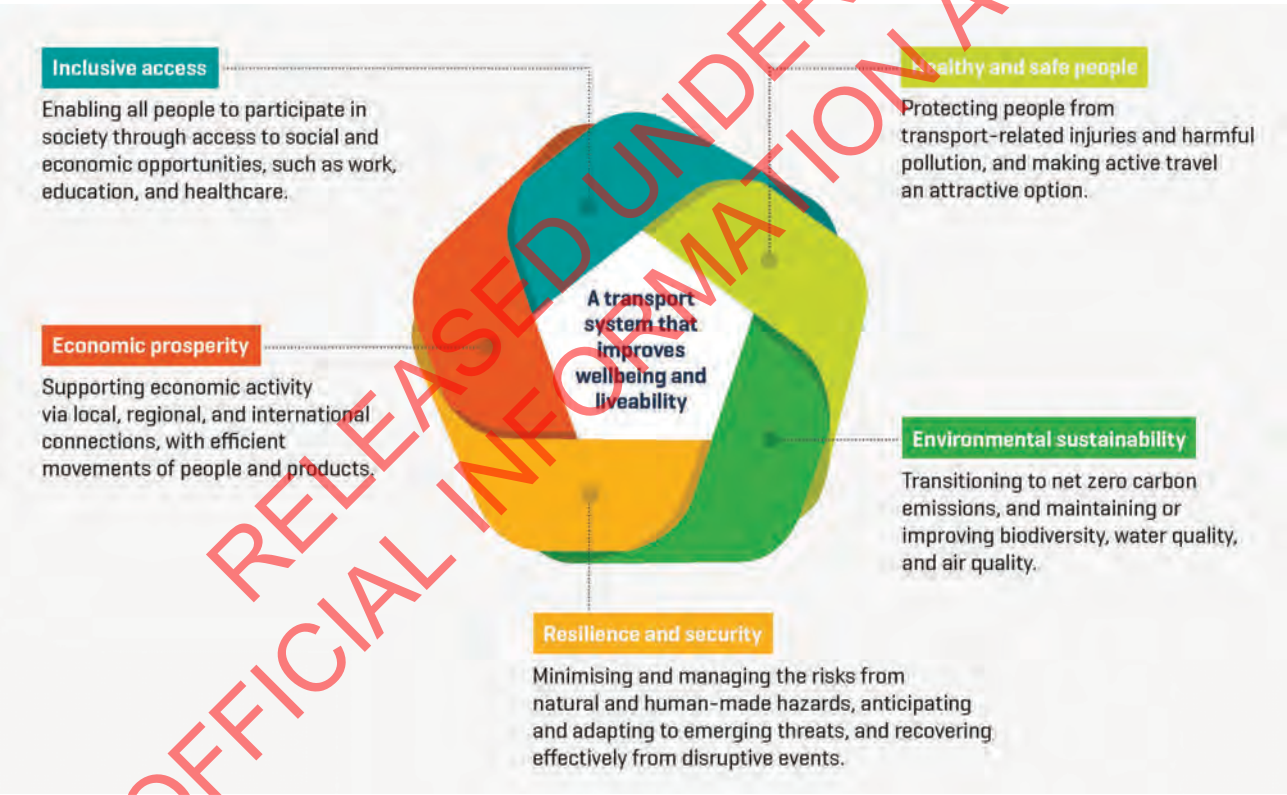


Figure 2 The Transport Outcomes Framework

Supporting policy development with data and modelling

The Ministry, transport agencies and SOEs have access to data and analysis from numerous datasets, including vehicle fleet statistics, freight movement, and emissions data. This means we can offer evidence-based insight into trends, future projections, and possible impacts of policy decisions.

We can help you understand the implications of your decisions on the transport system, from modelling the impacts, to monitoring and evaluating the effectiveness of policies and investment in infrastructure. For example, the Ministry has developed a **National Transport Model (Monty)** to understand how people interact with the transport system.

The **Ministry's Transport Sector Monitoring Framework** provides a consistent approach to monitoring how well services or interventions are being delivered, whether they have been delivered in a timely and fiscally responsible way and if outcomes have been achieved..

The **Transport Evidence Base Strategy (TEBS)** and the **Decarbonising Transport Research Strategy (DTRS)** set out the paths to ensure the transport sector has the right data, information, research and evaluation to support policy decisions. Implementing the TEBS and the DTRS is the responsibility of transport agencies (e.g., through the Land Transport Sector Research Programme managed by Waka Kotahi) and SOEs, working alongside local government and other stakeholders.

Key transport responsibilities

As Minister, you have a range of levers to influence the transport system. There are differences in the way the various levers are exercised for each mode, and each mode has its own regulatory model. Our advice to you will always focus on how you can make use of these levers to achieve your objectives.

You are responsible for 20 transport Acts which set out:

- the roles and functions of the Ministry, transport agencies, and SOEs
- the planning and funding arrangements for land transport
- the roles and powers of local authorities for transport activities and road controlling authorities
- licensing and certification arrangements for transport system users, vehicles and technology
- the requirements for making transport regulations and rules
- compliance tools to promote adherence to safety, security and environmental requirements across transport modes.

Investment and revenue

Investing in transport infrastructure is a priority for any Government. Investment comes from range of funding sources, including the National Land Transport Fund (NLTF) revenue, local authority funds, Crown funds and loans. This investment is used to build, operate and maintain the network and services and influence how people decide to travel through funding alternative travel options.

The GPS allows you to guide investment from the NLTF

The GPS outlines what the Government wants to achieve in land transport, and how it expects to see funding allocated between types of activities (for example, roading, public transport and road safety) across the land transport system. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years

While you can use the GPS to indicate what types of transport activities you want delivered, you cannot specify what individual projects are funded using hypothecated NLTF revenue.

The Land Transport Management Act 2003 (LTMA) requires you to issue a GPS. This statutory document allows you to guide investment from the NLTF and can be used both to maintain a level of service and drive change on the land transport network, while delivering value for money. This is done through applying the Ministry's value for money assessment model in the appraisal and evaluation process and establishing funding ranges for activity classes. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years.

The LTMA gives Waka Kotahi statutory independence to select projects for the National Land Transport Programme (NLTP). However, the GPS can set an expectation for Waka Kotahi to consider government programmes and priorities when allocating funding through the NLTP.

The NLTF is mainly funded by motor vehicle users

The NLTF is administered by Waka Kotahi and collects about $4.2 billion per annum. The main sources of revenue for the NLTF are:

- Fuel Excise Duty (FED) which is tax applied at a rate of 70c/l to petrol and 10.4c/l to liquid petroleum gas.
- Road User Charges (RUC) which is a distance-based charge applied to diesel vehicles and heavy vehicles over 3.5 tonnes. Different RUC rates are applied to vehicle classes depending on weight and axle configuration and range from $76 to over $1,000 per 1,000 km travelled.
- Motor vehicle registration and annual licensing fees

Revenue from the fund is invested in state highways, coastal shipping, local roads, road policing, walking and cycling, and public transport. Local government matches the $1 billion contribution from the NLTF with another $1 billion per year of its own funding.

National rail network maintenance and renewals investment is also funded through the NLTF as part of the Rail Network activity class. KiwiRail is required to prepare a Rail Network Investment Programme (RNIP) every three years, and you are responsible, as Minister for Transport, for approving KiwiRail's RNIP

You can adjust the rate of charges and duties for the NLTF to meet your priorities

RUC rates are set through the RUC Rates Regulations 2015 and changes must be confirmed by Parliament. FED is generally set through amendments to the Customs and Excise Act 2018 and sometimes by an Order in Council.

Crown funds can supplement transport revenue and be used to purchase specific projects or programmes

Not all investment in the transport sector has been able to be met from the NLTF. Increasingly, the Crown has made direct investments in specific transport activities through the annual budget process led by the Minister of Finance.

Unlike investment from the NLTF where the Waka Kotahi Board has an independent role in overseeing and monitoring expenditure, ministers are accountable for Crown-funded activities. Ministers have decision making rights when changes are needed to the budget, scope or timeframes for these projects. While bodies like Waka Kotahi or KiwiRail may deliver Crown-funded activities and investment programmes, the Crown usually establishes additional oversight arrangements for any projects or programmes with Crown funding, such as the NZ Upgrade programme. These arrangements give Ministers assurance the intended investment outcomes are being achieved.

Economic and educational tools

You can use travel demand management tools to drive behaviour change within the transport system

Pricing and other economic tools can be used to encourage more efficient use of the network and can be used by local government to influence travel choices and decisions. Such tools include differential charging of public transport (e.g., reduced off-peak fares), subsidised public transport fares, tolling, congestion charging, and parking fees.

Tolling, for examples, can contribute to the cost of building and maintaining new roads. You are the key decision maker and responsible for recommending to the Governor General that a road is tolled under the LTMA. The Ministry will provide advice on tolling proposals, liaise with the Road Controlling Authorities, and advise on the legislative process to establish a tolling order.

Information and education are used in road safety and can nudge people to make more informed travel decisions by communicating information about their travel choices. Examples of ways we can influence travel choices and decisions include travel planning apps, social media marketing, information provision, and mass media campaigns.

The greatest benefits come from combining economic and educational instruments with complementary measures, such as infrastructure provision and legislative changes. In doing so, these measures help to achieve the outcomes you want to see in the transport system.

Regulation

You have a range of tools in the transport regulatory system to deliver durable transport outcomes

Regulation is indispensable to the proper functioning of economies and societies. Regulation underpins markets, creates an enabling environment for firms and individuals, protects the rights and safety of citizens, and ensures the delivery of public goods and services.

The system is comprised of primary and secondary legislation (which includes regulations, rules, and other instruments) and local government by-laws[1]. You are responsible for the passage of primary transport legislation through Parliament. The Ministry supports you to do this.

Some transport regulation involves the direct prohibition or authorisation of some commercial activity. For example, foreign ships are prohibited from carrying coastal cargo, except in specific circumstances and with approval. Airlines operating scheduled international services require an international air services licence, issued within parameters set out in Air Services Agreements. Some parts of the transport sector are subject to regulation by other agencies, e.g., the Commerce Commission regulates the disclosure of pricing by airports given their monopolistic nature.

Regulations set out associated offences and penalties, fees, and charges

Transport regulations mainly set out the associated rule-related offences and penalties, and fees and charges that fund the work of the transport agencies. The Ministry leads the development of these with involvement from transport agencies and SOEs, and the NZ Police depending on the subject. Regulations must be approved by Cabinet.

Transport rules contain detailed standards, requirements and procedures that govern transport activities

Transport rules are the most common form of delegated legislation for transport. Rules contain detailed technical standards, requirements, and procedures governing transport activities within modes. You are empowered under primary legislation to make these rules through delegated responsibilities. You are expected to advise Cabinet you intend to make a rule if there would be wide-ranging impacts. There is an expedited rule making process where urgent changes can be made by Order in Council.

The transport Crown entities develop most transport rules with the Ministry's involvement, but the Ministry leads policy development on significant rules.

Transport instruments support a more flexible regulatory system

Transport instruments improve the flexibility of the rule-making process by having more customised consultation requirements, meaning changes that only affect a small number of transport users can be progressed quickly. Transport instruments are more easily amended in response to technological innovation.

Transport instruments are outlined in a rule made by you as Minister of Transport, with the design and management delegated to a specified official (such as the Director of the relevant transport agency). Several transport instruments exist in Maritime legislation, with more planned in other modes as part of work on secondary legislation. The Civil Aviation Act 2023 (which comes into force in 2025) also empowers the Minister to create transport instruments.

Crown monitoring, assurance, and oversight

You have a role in appointing board members to the transport agencies, setting their expectations and monitoring their performance.

[1] As Transport Minister you have powers to amend, replace or disallow some local government bylaws.

Crown entity monitoring and oversight is a key mechanism to deliver your priorities

The Ministry and the transport Crown entities work collaboratively to progress your priorities and the delivery of transport outcomes, and other priority actions to maintain and renew the system.

Your role as responsible Minister of these entities is to oversee and manage the Crown's interests in, and relationship with, a statutory entity.[2] While you are ultimately accountable for their performance, the boards you appoint to these are primarily responsible.

The Crown carries out service delivery and regulation activities in the transport system through Crown transport entities and Crown companies: Waka Kotahi, MNZ, CAA, ALRL and CRL.

The Ministry is your monitoring agent for the transport Crown entities. The roles and responsibilities of the Minister, Crown entity and monitoring department are outlined in the *It Takes Three Framework*[3].

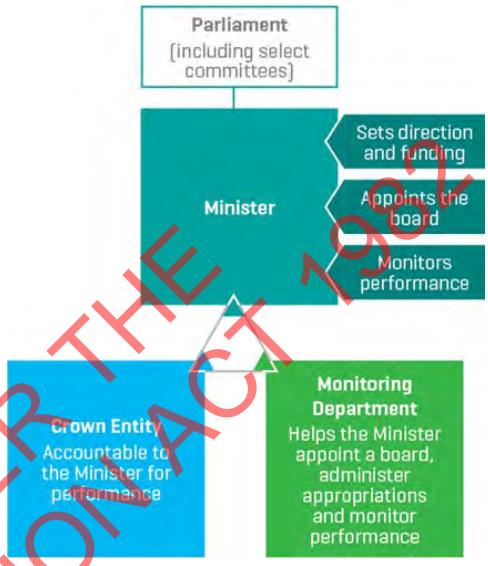


Figure 3 Roles and responsibilities of the Minister, Crown entity and monitoring department

You have a vital role in overseeing the delivery and performance of key transport agencies

Your oversight role, supported by the Ministry, is vital to ensure the transport Crown entities are effectively performing their functions, many of which deliver critical services to New Zealanders. Below are a range of accountability mechanisms that the Ministry will advise you on to assist you in overseeing the transport Crown entities and meeting your statutory responsibilities.

The capability and performance of the transport entity boards is critical in delivering your priorities and expectations

Each Crown entity and company is governed by a board. There are a maximum of 69 ministerial appointed positions across the transport sector. This is comprised of up to 23 positions on Crown entities, including positions on the ALRL Board, TAIC Commissioners, CRLL Board, Aviation Medical Conveners, and advisory committee positions.

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power, perform the functions of each entity and hold responsibility for the operational decisions of their entities. You appoint and oversee those boards as responsible Minister and are assisted by the Ministry as your monitoring agent, assisting you in discharging your statutory functions.

2 As defined under section 27 of the Crown Entities Act

3 https://www.publicservice.govt.nz/guidance/it-takes-three-operating-expectations-framework-for-statutory-crown-entities/

Before appointments fall due, we will provide you with advice to support the appointment and re-appointment of board members. As part of this process, we will provide you with an overall assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective, and high performing.

Table 1 Accountability mechanisms

Accountability Mechanism	Description
Letter of Expectations	Primary mechanism used to set the priorities and performance expectations on an annual basis. You can expect to receive draft letters from the Ministry around October/November. These letters are sent out well in advance of the financial year, so Crown entities can respond effectively.
Statement of Intent	Sets out the entity's strategic intentions against the Government's priorities and direction. The Statement of Intent is developed by an entity for at least a four-year period.
Statement of Performance Expectations	Sets out the entity's annual delivery and performance expectations against your Letter of Expectations and the Statement of Intent. Entities are required to provide their final drafts of their Statements of Performance Expectations for your comment before 1 May each year.
Annual Report	Sets out entities' annual non-financial and financial performance against the expectations set out in the Statement of Performance Expectations. You can expect to receive annual reports from each entity around October.
Quarterly reporting	Performance reporting provided by the entity against the priorities and expectations set out in the Statement of Performance Expectations.

You will have regular meetings with Crown entity chairs to discuss entity governance, performance and key risks. The Ministry will provide you with advice to assist in your engagement.

The Ministry also conducts other assurance, funding, contracting and reviewing activit es

In addition to overseeing and monitoring the Crown entities and companies on your behalf, the Ministry also conducts other activities for government transport initiatives and programmes, Crown entities and Crown companies. For example, providing advice on and monitoring programmes such as the NZ Upgrade Programme, the Climate Emergency Response Fund (CERF), and managing the MetService contract to ensure New Zealand has a service that fulfils the World Meteorological Organisation Technical Regulations.

The Ministry uses the **Transport Sector Monitoring Framework** which provides a structured approach to monitor interventions. This assesses entity governance, capability and performance, how entities communicate information to the board, their assurance mechanisms for key projects and programmes, and whether the board is receiving the necessary information from an entity. The approach is informed by your priorities and our assessment of key risks for each entity.

Influencing the international environment

New Zealand's transport regulatory systems are significantly shaped by international obligations, standards and recommended practices. New Zealand benefits strongly from international transport

regulatory frameworks, which underpin our international connections and facilitate our trade in goods and services.

The Ministry and the Crown Entities work together to:

- monitor and understand what is happening internationally, and how it affects, or may affect, New Zealand's transport system
- influence relevant international standards to protect and promote New Zealand's interests
- ensure New Zealand meets its international transport commitments.

A wide range of international organisations influence New Zealand's transport settings. Some of the key organisations the Ministry works with, and their role, are:

- **The International Civil Aviation Organisation:** sets standards and regulations for the aviation sector (international safety, security, and environmental protections).
- **International Maritime Organisation:** sets standards and regulations for the maritime sector (international safety, security, and environmental protections).
- **International Labour Organisation**: sets conditions of work and employment on ships (under the Maritime Labour Convention).
- **United Nations working parties**: New Zealand has obligations as a party to two United Nations Agreements relating to road vehicle and road vehicle standards. Under these agreements, regulations and standards are set to improve road safety and facilitate international trade.
- **World Meteorological Organisation:** Fulfils New Zealand's obligations under the World Meteorological Organisation, the United Nations specialised agency for weather, climate, and water, by way of the Ministry's contract with MetService.

Your engagement at the international level is important

The Ministry will provide advice on where we consider there will be good value in your engagement in Ministerial-level forums.

Key opportunities over the next year may include:

- The Transport and Infrastructure Council.
- Pacific Transport Ministerial-level meetings.
- International Transport Forum (ITF) Annual Ministerial Summit.
- Asia-Pacific Economic Cooperation (APEC) Ministerial meeting.

Delivering your priorities

As the 'transport system steward', the Ministry can help to embed your priorities and connect them with whole of government priorities and advise you on how to use the available levers to achieve your short-, medium-, and longer-term goals. This includes working with the transport agencies to develop a coherent strategic view of the longer-term needs for the transport system.

Medium term-strategies that use a package of interventions to address specific issues may be developed or amended. For example, the **Road to Zero** strategy was developed to respond to a sustained high level of deaths and serious injuries on New Zealand roads. The strategy supports a range of actions to reduce road trauma which can be monitored and adjusted over time.

Transport sector agencies also support a range of cross-government strategies. For example, the Ministry and the CAA also have important roles in supporting the implementation of the **Aotearoa New Zealand Aerospace Strategy**, led by the Ministry of Business, Innovation and Employment.

Additionally, there are short-term transport sector delivery plans, many of which are governed by Acts of Parliament and are key components of the transport planning and funding system. For example, the **Decarbonising Transport Action Plan (2022-25)** sets out what the Government will do to implement the transport actions in the first Emissions Reduction Plan and what we need to reduce our transport emissions by 41 percent by 2035 and reach net zero by 2050.

Transport's role within the wider system

Outside of existing collaboration between government agencies and SOEs, collaboration with other stakeholders in the transport system is critical to realising positive transport outcomes.

Effective and meaningful engagement with stakeholders from local government, the private sector, researchers and iwi will be critical to achieving government priorities and shaping the transport system. We can provide you with further advice on engagement that you should prioritise, and when.

There are other important levers that transport does not 'own', but there are actions that can be taken to influence these. For example, land use is an important lever that requires cross-system collaboration and agreement.

Given its role as a key enabler of social and economic connections, the transport system intersects with a wide range of other systems at the local, national and global levels. This underlines the need to coordinate and recognise the impacts decisions in transport may have on other sectors.

Figure 4 below illustrates some of the key relationships with the transport system, and Appendix 2 includes further detail on some key areas where a coordinated response and decisions are required, including maritime security, border security and climate response.

Figure 4 Transport's role within the wider system

Notes

1 Key groupings
2 * Secretary for Transport attends ODESC as required

Appendix 1 Emergency Management and search and rescue functions

Emergency Management and search and rescue functions

Emergency Management

The transport system is vulnerable to major natural events and man-made shocks that disrupt services. The Ministry exercises its system stewardship role by being the transport sector lead on resilience and security policy matters with other government agencies such as the Department of Prime Minister and Cabinet (DPMC), the National Emergency Management Agency (NEMA), and the National Security System. The Ministry works closely with the other transport Crown entities to plan for future needs and emergencies so the transport sector can respond efficiently and effectively to system disruptions or damaged infrastructure.

System planning and preparedness is reviewed during DPMC-led Officials Committee for Domestic and External Security Coordination (ODESC) forums and exercised as part of the NEMA-led all-of-government National Exercise Programme. During significant responses the Ministry will activate and lead the Transport Response Team (TRT), which acts as the sector coordinating entity for transport under the Civil Defence and Emergency Management Act. As a non-operational agency, the Ministry's role is to coordinate the transport sector and ensure a single transport voice is provided to the lead agency for the response and to Ministers.

New Zealand Search and Rescue Council

New Zealand's 30 million km^2 Search and Rescue (SAR) region (the world's third largest) extends from the South Pole to the southern border of the Honolulu region, halfway to Australia and Chile, and includes American Samoa, Cook Islands, Niue, Norfolk Island, Samoa, Tokelau, and Tonga. Collectively, the SAR sector comprises approximately 11,095 people from a wide variety of public, non-government and commercial organisations of whom around 89 percent are volunteers. During the 2022/23 year, the sector saved 137 lives, rescued 744 people, and assisted a further 1130 people. These actions averted $1.639 billion in social costs to New Zealand.

The New Zealand Search and Rescue (NZSAR) Council, established by Cabinet in 2003 provides strategic governance, leadership to the SAR sector, manages the governments investment into the sector and provides SAR advice to Ministers. The Council consists of the chief executives of departments with SAR responsibilities and includes the Ministry (chair), Maritime NZ (MNZ), the Civil Aviation Authority, the Department of Conservation, the NZ Police, the New Zealand Defence Force, Fire and Emergency NZ, and a non-government independent member.

The Ministry receives funding for and hosts the NZSAR Secretariat. Either the NZ Police or the Rescue Coordination Centre NZ (which is an operating group within MNZ) coordinates SAR operations. The responsible coordinating authority will request the use of SAR assets depending on the requirements of the operation. A wide variety of organisations may participate in SAR operations, including the Department of Conservation, NZ Land Search and Rescue, Coastguard NZ, Surf Life Saving NZ, rescue helicopters, the NZ Police, commercial vessels, Defence and a variety of smaller organisations or assets including members of the public.

The SAR sector's revenue comes from a variety of sources, including Crown funding through Vote Transport, Vote Police, Vote Conservation, and Vote Defence, and hypothecated funding collected under the LMTA (which recognises FED paid by recreational boat users). Commercial sponsorship, local fundraising, community grants, class 4 gaming (including gaming machines from pubs and clubs) and the Lotteries Grants Board also provide funding to the wider search and rescue and recreational safety sectors.

Ministers of Transport and Finance are empowered under the LTMA to allocate FED funding for SAR purposes. The NZSAR Council (on behalf of the Ministry) administers approximately $21.8 million per annum of FED investment into SAR sector agencies. The NZSAR Council (on behalf of the Ministry) also administers the government's investment of $15.1 million per annum into frontline water safety rescue and prevention services (Coastguard NZ and Surf Life Saving NZ).

Appendix 2 Cross system collaboration

Maritime Security

You are the lead minister for Maritime Security and the Ministry is the lead agency for maritime security policy. The Ministry chairs the Maritime Security Oversight Committee (MSOC) which is responsible for oversight of New Zealand's maritime security and comprises the lead 11 maritime security agencies. MSOC developed a Maritime Security Strategy (endorsed by Cabinet in 2019) in response to multiple, increasing security pressures.

There are 12 core national security issues within the National Security Strategy with each issue assigned a Strategic Coordination Agency. The Ministry performs that role for maritime security so sits on the National Security Board where is it also able to represent other national security issues such as transport security and the supply chain.

Border Executive Board

The Border Executive Board (BEB) is an interdepartmental executive board with six member agencies – New Zealand Customs Service (chair), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Manatū Hauora Ministry of Health, and Te Manatū Waka Ministry of Transport. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination and improvement activity.

Climate Change Chief Executives Board

New Zealand has international commitments under the Paris Agreement, and a domestic legislative framework (under the Climate Change Response Act 2002) that commits the government to ambitious emissions reduction targets and to improving our resilience and ability to adapt to the effects of climate change. The Climate Change Chief Executives Board (the Board) was established in July 2022 as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to align and co-ordinate cross-department climate change action.

The Board comprises of eight chief executives, is chaired by the Secretary for the Environment, and is responsible to the Prime Minister for its operations. The Ministry of Transport's Chief Executive serves on the Board to drive collaboration with other key departments alongside delivering on your transport portfolio commitments.

While the Board is responsible for overseeing the delivery of the first emissions reduction plan and national adaptation plan as a whole, Te Manatū Waka remains accountable for the delivery of actions within your portfolio.

For more information on the Board and its work, please refer to the Climate Change Chief Executives Board BIM.

Appendix 3 Summary of agencies, state owned enterprises, and their functions

Agency/SOE	Key Functions
Te Manatū Waka Ministry of Transport	The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and also on funding and governance of the transport Crown entities. The Ministry has key functions under five key levers (previously detailed).
Waka Kotahi	Waka Kotahi is a Crown entity primarily governed by the Land Transport Management Act 2003 (LTMA) and Crown Entities Act 2004. Waka Kotahi's functions include investing in, and managing most aspects of the land transport network, including rail. Waka Kotahi has a set of statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and exercises enforcement powers. Waka Kotahi has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing, and certification and revenue collection.
Civil Aviation Authority (CAA)	CAA is a Crown entity primarily governed under the Civil Aviation Act 2023 and Crown Entities Act 2004. Led by the Director of Civil Aviation, the Authority has two functional divisions: Civil Aviation Authority performs safety and security regulatory functions, and Aviation Security Service (Avsec) delivers aviation security services at New Zealand's six security designated airports.
Maritime New Zealand (MNZ)	MNZ is a Crown entity established under the Maritime Transport Act 1994. It is responsible for promoting a safe, secure, clean and sustainable maritime environment for all commercial and recreational activities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people. MNZ has both a domestic and international focus.
Transport Accident Investigation Commission (TAIC)	TAIC is an independent Crown entity, and acts as a standing commission of inquiry. The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the future, rather than to ascribe blame. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers.
City Rail Link Limited	City Rail Link Limited is listed as a company under Schedule 4A of the Public Finance Act. It was established in 2017 by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL) project. The Crown and Auckland Council jointly own City Rail Link Limited (with a 51/49 percent shareholding respectively). You are jointly responsible, with the Minister of Finance, for the Crown's interest in City Rail Link Limited (as shareholding Ministers). Board appointments require joint agreement from the Crown and Auckland Council. The Board operates independently to shareholding Ministers and Auckland Council, in accordance with the Project Delivery Agreement. The Project Delivery Agreement is a contractual agreement between the Crown, Council and City Rail Link Limited that sets out the terms for City Rail Link Limited to manage the delivery of the CRL project on behalf of the Crown and Council, as joint sponsors of the project.

Agency/SOE	Key Functions
Auckland Light Rail Limited	Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004 to deliver a Detailed Business Case (DBC) by mid 2024 for the Crown to make a final investment decision on a light rail route from the Auckland city centre to Auckland Airport. The ALR project includes urban development and integration with other transport initiatives and systems, such as the Additional Waitematā Harbour Crossing, You are jointly responsible for ALRL along with the Minister of Finance and the Minister of Housing with each Minister having a 1/3 share in ALRL. In addition, Auckland Council and Manu Whenua representatives are joint sponsors along with the Crown. The Board operates independently at arm's length to shareholding Ministers and Sponsors in accordance with the Project Planning and Funding Agreement. This is a contractual agreement between the Crown, Council and ALRL that sets out the terms for ALRL to manage the delivery of the Auckland Light Rail project.
KiwiRail	KiwiRail is a SOE responsible for operating freight and tourism passenger services on 3,700 kilometres of rail network and three inter-island ferries. KiwiRail owns, maintains and upgrades the national rail network and associated infrastructure, including the rail networks used by Auckland and Wellington passenger rail services. KiwiRail will also be responsible for operating Te Huia (Hamilton to Auckland start-up service), once it is operational. Auckland Transport and Greater Wellington Regional Council are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots. KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive.
Meteorological Service of New Zealand Ltd (MetService)	The core purpose of MetService is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making. MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the state highway network and other major roads.
Airways Corporation of New Zealand Ltd (Airways)	Airways is a commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions. Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region. Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invest in new technology that enhances safety and delivers real economic and environmental benefits for customers and the public. As an ANSP, Airways is regulated by CAA and provides its service in line with Civil Aviation Rules and international standards.

Briefing to the Incoming Minister (System)

Your guide to the Transport system

transport.govt.nz

Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

He pepa whakamōhiotanga mō te Minita | Briefing to the Incoming Minister (System)

Te Manatū Waka Ministry of Transport

October 2023

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Introduction

Tēnā koe Minister, and congratulations on your appointment as Minister of Transport.

Transport plays a pivotal role in providing liveable cities and thriving regions. It underpins how New Zealanders get to their places of work and study, how families and communities connect, and how businesses move goods and services.

A well-functioning transport system contributes to the economic prosperity of our cities, towns, neighbourhoods and rural communities. It shapes land use, urban form and street-level interactions, and contributes to our well-being and livelihood. On a broader scale, transport also connects New Zealand economically and culturally with the rest of the world.

Te Manatū Waka Ministry of Transport plays an influential role by shaping transport policy, and is here to support your vision for the transport system along with broader government priorities.

The Ministry is the Government's system lead on transport. We work in partnership with agencies across the sector to shape the future of transport. Delivering and maintaining a transport system that enables New Zealanders to flourish is central to our work.

The transport system we have today is shaped over many decades, and previous decisions have determined the transport options New Zealanders have today. In turn, the transport system of the future will be based on decisions made today.

This briefing describes our role and responsibilities along with those of government transport agencies, State-Owned Enterprises and key stakeholders you will work with. It also outlines the tools available to you for influencing the transport system and enabling better outcomes for everyone in New Zealand. This briefing should be read in conjunction with the Strategic BIM.

In our role as system lead, we look forward to giving you the advice, support and rigorous evidence needed to put your priorities in place to help advance New Zealand's transport system.

Nāku noa, nā

Audrey Sonerson

Secretary for Transport and Chief Executive

Glossary of terms and abbreviations

A snapshot of your portfolio

Inclusive Access
Enabling all people to participate in society through access to social and economic opportunities, such as work, education and healthcare

16% of jobs are accessible by public transport compared to 47% of jobs accessible by car within 45 minutes during weekday morning peak (2021/22)

25.8% of people in Auckland, 15.8% of people in Wellington and 23.6% of people in Christchurch have access to frequent public transport services. (2021/22

Economic Prosperity
Supporting economic activity via local, regional and international connections, with efficient movement of people and freight

87.6% of freight trains arriving on time (within 30 minutes) (2021/22):

87% of domestic freight was moved by road and 13% by rail (2021/22)

Resilience and Security
Minimising and managing risks from natural and human-made hazards, anticipating and adapting to emerging trends, and recovering effectively from disruptive events

Out of the total 3,997km of key social and economic corridors across the country, 42% (1,669.5km) have viable alternative routes. The result is lower in the South Island compared with the North Island. (2021/22)

Infrastructure assets

11,201km state highways
86,152km local roads

Xxkm Dedicated bus lanes
4,563km track in rail network

Xxkm separated cycleways
Xxkm footpaths

Healthy and Safe People
Protecting people from transport-related injuries and harmful pollution, and making active travel an attractive option

Transport (largely diesel vehicles) is responsible two thirds of the harm caused by air pollution. This causes:
- >2,200 premature deaths for adult New Zealanders
- >9,200 hospital admissions for respiratory and cardiac illnesses
- >13,200 cases of childhood asthma
- social costs of $10.5 billion

Fatalities (2022)
Road: 377 deaths
Rail: 10 deaths
Maritime: 18 recreational deaths, 12 commercial

Environmental Sustainability
Transitioning to net-zero carbon emissions and maintain or improving biodiversity, water quality, and air quality

Transport accounted for 17.3% of total gross domestic GHG emissions

Road emissions made up 91.3% of total transport emissions
Transport CO2 emissions are from:
- 45% Light passenger vehicles
- 27% Heavy vehicles
- 17% light commercial vehicles

Vehicle Fleet
There are over 4.5 million vehicles in the fleet, equating to 889 vehicles per 1000 people, or xx vehicles per 1000 full driver licences

75% of fleet is light passenger vehicles
- 96% are fossil fuel powered
- 3% are hybrid or plug-in hybrid
- 1% are electric

16% of fleet is light commercial vehicles
4% of fleet is heavy vehicles

Shaping our transport system

The Transport Portfolio

The transport system is a significant part of our social and economic infrastructure, providing the links that help establish and sustain our economy and society.

The transport system includes:

- vehicles that move people and products
- physical infrastructure (e.g., airports, seaports, the rail network, roads, busways, and cycleways)
- transport services (e.g., public transport, bike- sharing, ride-sharing)
- digital infrastructure (e.g., satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- institutions and regulatory systems that influence how the transport system functions and develops (e.g., through their management practices, rules, policies, and investment tools).

Your role as Minister is to set the overall direction for the transport system, including through setting investment priorities (through the GPS), developing legislation and regulation to influence behaviour of both businesses and individuals; and by setting expectations for our entities and appointing their Board members. As Minister, you are responsible for making sure the transport system supports the aspirations of small communities, rural communities, towns and cities, and regions.

In doing so, it is important to recognise that each part of the system operates differently. For example, while government funds and delivers most of the land transport infrastructure, much of the aviation and maritime sector is delivered by the private sector.

Transport is also a delivery arm of many broader government strategies, and a number of key government priorities will not be achieved unless transport plays its part: reaching New Zealand's emissions targets; growing the economy and connecting to markets; and enabling economic and social mobility in our towns and cities. Transport cannot achieve these priorities by itself, but its absence can slow or prevent their delivery.

The different parts of the transport system

Central government is heavily involved in the transport system as a planner, funder, partner, enforcer, and regulator. In your day-to-day work, you will be closely interacting with transport sector agencies.

Te Manatū Waka Ministry of Transport (the Ministry) is a government department, while Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) and the Transport Accident Investigation Commission (TAIC) are transport agencies, with TAIC as an independent Crown entity.

There are three state-owned enterprises (SOEs): KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService).

Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004. Additionally, City Rail Link Limited is the sole company under Schedule 4A of the Public Finance Act, jointly established by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL).

You have different roles and responsibilities in relation to each of these agencies.

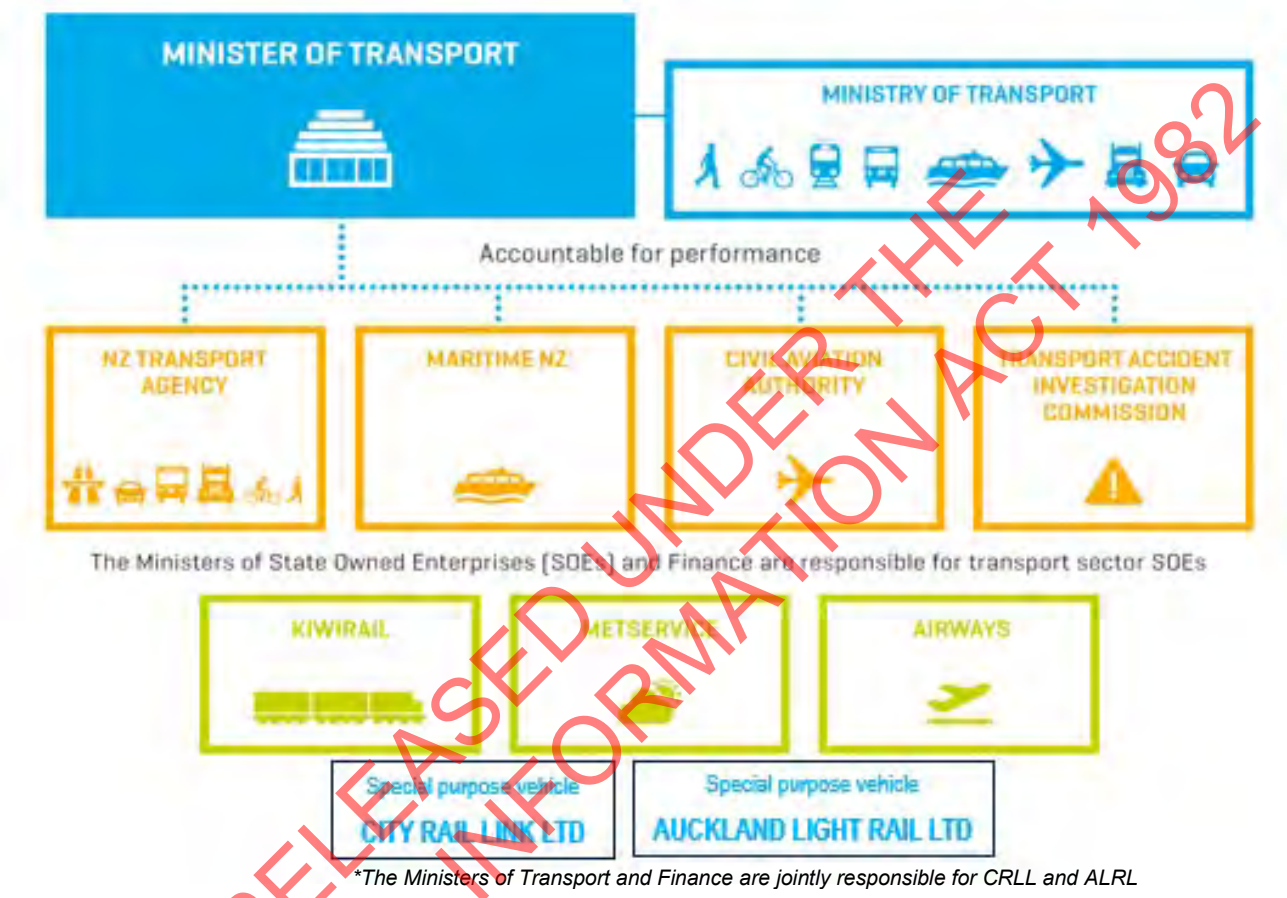

Figure 1 Relationship between you, the Ministry, SOEs and agencies

The Transport Outcomes Framework

The Ministry developed the Transport Outcomes Framework (the Framework) with input from sector stakeholders. The Framework sets out a way of assessing the sector's performance and measuring progress against a range of outcomes. There are five inter-related outcomes and the Framework is closely aligned with the Treasury's Living Standards Framework.

The Framework helps to provide a consistent approach to assessing the effectiveness of policy proposals and delivery. The Framework helps to understand transport's many areas of influence across society and the economy, and to be more explicit about the trade-offs between the outcomes that are sometimes required. Because the outcomes are inter-related, they need to be met through a range of interventions. Different Governments can place their own emphasis across the outcomes and there is no single 'right' approach.

The five transport levers

As Minister, you have a range of levers to influence the transport system. There are differences in the way that the various levers are exercised for each mode, and each mode has its own regulatory model. Our advice to you will focus on how you can make use of these levers.

Investment and revenue

Investing in transport infrastructure is a priority for any Government. Investment comes from dedicated and general funding sources to create capacity, and enhance or maintain existing infrastructure and services, Investment can influence choices by providing alternative travel options.

The GPS allows you to guide investment from the NLTF

The GPS allows you to guide investment from the NLTF and can be used both to maintain a level of service and drive change on the land transport network, while delivering value for money. This is done through applying the Ministry's value for money assessment model in the appraisal and evaluation process and establishing funding ranges for activity classes. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years.

While you can use the GPS to indicate what types of transport activities you want delivered, you cannot specify what individual projects are funded using hypothecated NLTF revenue.

The LTMA gives Waka Kotahi statutory independence to select projects for the NLTP. However, the GPS can set an expectation for Waka Kotahi to consider government programmes when allocating funding through the NLTP.

The NLTF is mainly funded by motor vehicle users

The NLTF is administered by Waka Kotahi and collects about $4.2 billion per annum. The main sources of revenue for the NLTF are:

- Fuel Excise Duty (FED) which is tax applied at a rate of 70c/l to petro and 10.4c/l to LPG
- Road User Charges (RUC) which is a distance-based charge applied to diesel vehicles and heavy vehicles over 3.5 tonnes. Different RUC rates are applied to vehicle classes depending on weight and axle configuration and range from $76 to over $1,000 per 1,000 km travelled.
- Motor vehicle registration and annual licensing fees

Revenue from the fund is invested in state highways, the rail network[1], coastal shipping, local roads, road policing, walking and cycling, and public transport. Local government matches the $1 billion contribution from the NLTF with another $1 billion per year of its own funding.

You can adjust the rate of charges and duties for the NLTF to meet your priorities

RUC rates are set through the RUC Rates Regulations 2015 and changes must be confirmed by Parliament. FED is generally set through amendments to the Customs and Excise Act 2018 and, sometimes, by an Order in Council.

The Ministry is required to provide updated forecasts of NLTF revenue at each Government economic and fiscal update (six-monthly intervals). The figure below is the forecast run for the Pre-election Economic and Fiscal Update 2023. It shows NLTF revenue has been rising, primarily due to increased travel and increases in FED and RUC rates. Revenue from FED will become less certain and unstable over time as vehicles continue to become more fuel efficient and people increasingly choose to travel by other modes.

The decrease in revenue from 2022-2023 is due to the previous Government's cost-of- living package - which provided a 36 percent reduction in RUC and 25 cent per litre reduction in FED. Foregone revenue from the package was backfilled from a $1.9 billion Crown appropriation so that Waka Kotahi had sufficient funds to meet the expenditure range set out in the NLTP 2021.

Figure 3 Actual and forecasted NLTF revenue, as reported in the Pre-Election Fiscal Update 2023

[1] National rail network maintenance and renewals investment is funded through the NLTF as part of the Rail Network activity class. KiwiRail is required to prepare a Rail Network Investment Programme (RNIP) every three years, and you are responsible, as Minister for Transport, for approving KiwiRail's RNIP

Transport regulatory agencies are primarily funded from fees, charges, and levies

As Minister, you have responsibility for seeking Cabinet's agreement to the rates at which fees, charges, and levies are set. These are critical decisions because they determine the resourcing available to the transport agencies to deliver their regulatory responsibilities.

Crown funds can supplement transport revenue and be used to purchase specific projects or programmes

Not all of the investment Government has wanted in the transport sector has been able to be met from the NLTF. Increasingly the Crown has made direct investments in specific activities in the transport system. The annual budget process led by the Minister of Finance is another opportunity for Crown funds to supplement the NLTF.

Unlike investment from the NLTF where the Waka Kotahi Board has an independent role in overseeing and monitoring expenditure, ministers are accountable for activities funded by the Crown directly and retain decision making rights when changes are needed to the budget, scope or timeframes for these projects. While bodies like Waka Kotahi or KiwiRail may deliver Crown-funded activities and investment programmes, the Crown usually establishes additional oversight arrangements for any projects or programmes with Crown funding. These arrangements give Ministers assurance that the intended investment outcomes are being achieved.

Economic and educational tools

You can use travel demand management tools to drive behaviour change within the transport system

Economic instruments can help to better inform people of the impacts of their travel choices by putting a price on those impacts. The price of transport can reflect the direct costs of using the network, the indirect costs and externalities (such as emissions), or it can be set relative to other modes to influence the use of one mode over another.

Pricing and other economic instruments can be used to encourage more efficient use of the network and can be used by local government to influence travel choices and decisions. Such instruments include differential charging of public transport (e.g., reduced off-peak fares), subsidised public transport fares, tolling, congestion charging, and parking fees.

For example, tolling can contribute to the cost of building and maintaining new roads. You are the key decision maker and responsible for recommending to the Governor General that a road is tolled under the LTMA. The Ministry will provide advice on tolling proposals, liaise with the Road Controlling Authorities (RCAs), and advise on the legislative process to establish a tolling order. There are three existing toll roads: Northern Gateway, Tauranga Eastern Link, and Takitimu Drive[2]. Penlink, which is scheduled to open by late 2026 has also been approved as a toll road.

Information and education are used in road safety and can help to nudge people to make more informed travel decisions by communicating or consolidating information about their travel choices.

[2] In 2021/22, the total tolling revenue raised from these roads was $31.8 million, with $10 million going to collection costs and $21.9 million to repay debt https://www.nzta.govt.nz/assets/resources/annual-report-nzta/2021-22/waka-kotahi-annual-report-2021-22.pdf

Examples of educational instruments to influence travel choices and decisions include travel planning, social media marketing, information provision, and mass media campaigns.

The greatest benefits come from combining economic and educational instruments with complementary measures, such as infrastructure provision and legislative changes. In doing so, these measures can help to more effectively achieve the outcomes you want to see in the transport system, such as reduced congestion, reduced emissions and better health outcomes.

Regulation

You have a range of tools in the transport regulatory system to deliver durable transport outcomes

Regulation is indispensable to the proper functioning of economies and societies. Regulation underpins markets, create an enabling environment for firms and individuals, protect the rights and safety of citizens, and ensure the delivery of public goods and services.

The system is comprised of primary and secondary legislation (which includes regulations, rules, and other instruments).

Some transport regulation involves the direct prohibition or authorisation of some commercial activity. Foreign ships are explicitly prohibited from carrying coastal cargo, except in specified circumstances and with specific approval., Airlines operating scheduled international services require an international air services licence, issued within parameters set out in Air Services Agreements. Some parts of the transport sector (e.g. aviation) is subject to regulation by other agencies, e.g. the Commerce Commission regulates the disclosure of pricing by airports given the monopolistic nature of airports.

You have responsibility for a variety of legal instruments

Legislation forms the core of the transport regulatory system comprising primary legislation, secondary legislation, and local government bylaws[3].

You are responsible for 20 transport Acts which set out:

- the roles and functions of the Ministry, transport agencies, and state-owned enterprises (SOEs) (like KiwiRail)
- the planning and funding arrangements for land transport
- the roles and powers of local authorities and road controlling authorities
- licensing and certification arrangements for transport system participants, vehicles and technology
- the requirements for making transport regulations and rules
- compliance tools to promote adherence to safety, security and environmental requirements across transport modes.

[3] As Transport Minister you have powers to amend, replace or disallow some local government bylaws.

You are responsible for the passage of primary transport legislation through Parliament. The Ministry supports you to do this.

Transport rules contain detailed standards, requirements and procedures that govern transport activities

Transport rules are the most common form of delegated legislation for transport. Rules contain detailed technical standards, requirements, and procedures governing the construction, maintenance, licensing, certification and operation of transport activities within modes. You are empowered under primary legislation to make these rules through delegated responsibilities. You are expected to advise Cabinet that you intend to make a rule if there would be wide-ranging impacts. There is an expedited rule making process where urgent changes can be made by Order in Council. The transport Crown entities develop the majority of transport rules with the Ministry's involvement, but the Ministry leads policy development on significant Rules.

Regulations set out associated offences and penalties, fees, and charges

Transport regulations mainly set out the associated rule-related offences and penalties, and fees and charges that fund the work of the transport agencies. The Ministry leads the development of these with involvement from transport agencies and SOEs, and the NZ Police depending on the subject. Regulations must be approved by Cabinet.

Transport instruments help support a more flexible regulatory system

Transport instruments improve the flexibility of the rule-making process by having more customised consultation requirements, meaning that changes that only affect a small number of transport users can be progressed quickly. Transport instruments can also be more easily amended in response to technological innovation.

Transport instruments are outlined in a rule made by you as Minister of Transport, with the design and management delegated to a specified official (such as the Director of the relevant transport agency). Several transport instruments now exist in Maritime legislation, with more planned in other modes as part of work on secondary legislation. The Civil Aviation Act 2023 (which comes into force in 2025) also empowers the Minister to enable the creation of a transport instrument.

The regulatory system, through legislation, rules, and regulation implements requirements under international conventions and agreements

There are some 50 international transport related agreements. However, only a small number require regular updates of our regulatory system.

Crown monitoring, assurance, and oversight

You have a role in appointing Board members to the transport agencies, setting their expectations and monitoring their performance.

Crown entity monitoring and oversight is a key mechanism to deliver your priorities

The Ministry and the transport Crown entities work collaboratively to progress your priorities and the delivery of transport outcomes, and other priority actions to maintain and renew the system.

Your role as responsible Minister of these entities is to oversee and manage the Crown's interests in, and relationship with, a statutory entity.[4] While you are ultimately accountable for the performance of these entities, the Boards that you appoint to these are primarily responsible.

The Crown carries out service delivery and regulation activities in the transport system through Crown transport entities and Crown companies: Waka Kotahi, MNZ, CAA, Auckland Light Rail Limited (ALRL) and City Rail Link Limited (CRLL).

The Ministry is your monitoring agent for the transport Crown entities. The roles and responsibilities of the Minister, Crown entity and monitoring department are outlined in the *It Takes Three Framework*[5],

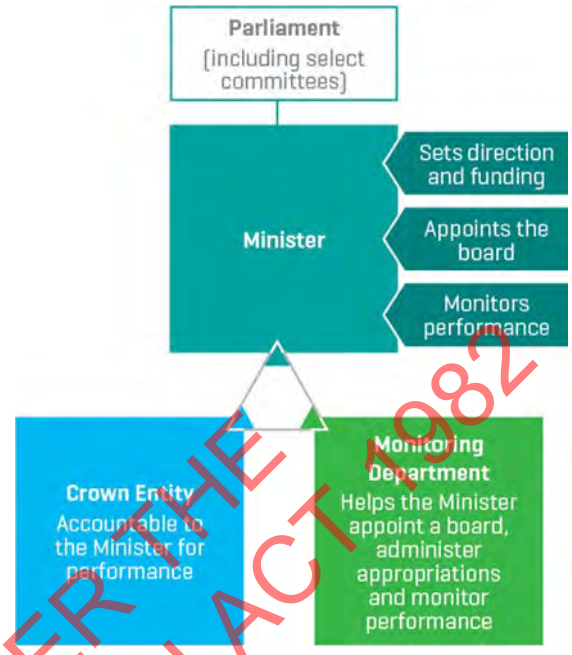

Figure 4 Roles and responsibilities of the Minister, Crown entity and monitoring department

The capability and performance of the transport entity boards is critical in delivering your priorities and expectations

Each Crown entity and company is governed by a board. There are a maximum of 69 ministerial appointed positions across the transport sector. This is comprised of up to 23 positions on Crown entities, including positions on the ALRL Board, TAIC Commissioners, CRLL Board, Aviation Medical Conveners, and advisory committee positions.

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power, perform the functions of each entity and hold responsibility for the operational decisions of their entities. You appoint and oversee those boards as responsible Minister and are assisted by the Ministry as your monitoring agent, assisting you in discharging your statutory functions.

Before appointments fall due, we will provide you with advice to support the appointment and re-appointment of board members. As part of this process, we will provide you with an overall assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective, and high performing.

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4 As defined under section 27 of the Crown Entities Act

5 https://www.publicservice.govt.nz/guidance/it-takes-three-operating-expectations-framework-for-statutory-crown-entities/

You have a vital role in overseeing the delivery and performance of key transport agencies

Your oversight role, supported by the Ministry, is vital in ensuring the transport Crown entities are effectively performing their functions, many of which deliver critical services to New Zealanders. Below are a range of accountability mechanisms that the Ministry will advise you on to assist you in overseeing the transport Crown entities and meeting your statutory responsibilities.

Table 1 Accountability mechanisms

Accountability Mechanism	Description
Letter of Expectations	Primary mechanism used to set the priorities and performance expectations on an annual basis. You can expect to receive draft letters from the Ministry around October/November. These letters are sent out well in advance of the financial year, so that Crown entities can respond effectively.
Statement of Intent	Sets out the entity's strategic intentions against the Government's priorities and direction. The Statement of Intent is developed by an entity for at least a four-year period.
Statement of Performance Expectations	Sets out the entity's annual delivery and performance expectations against your Letter of Expectations and the Statement of Intent. Entities are required to provide their final drafts of their Statements of Performance Expectations for your comment before 1 May each year.
Annual Report	Sets out entities' annual non-financial and financial performance against the expectations set out in the Statement of Performance Expectations. You can expect to receive annual reports from each entity around October.
Quarterly reporting	Performance reporting provided by the entity against the priorities and expectations set out in the Statement of Performance Expectations.

You will have regular meetings with Crown entity chairs to discuss entity governance, performance and key risks. The Ministry will provide you with advice to assist in your engagement.

The Ministry also conducts other assurance, funding, contracting and reviewing activities

In addition to carrying out oversight and monitoring of the Crown entities and companies on your behalf, the Ministry also conducts other activities for government transport initiatives and programmes, Crown entities and Crown companies. For example, this includes providing advice on and monitoring programmes such as the NZ Upgrade Programme, the Climate Emergency Response Fund (CERF), and managing the MetService contract to ensure that New Zealand has a service that fulfils the World Meteorological Organisation Technical Regulations.

The Ministry uses a **Transport Sector Monitoring Framework** that provides a structured approach to monitor interventions. This assesses entity governance, capability and performance, how entities communicate information to the board, their assurance mechanisms for key projects and programmes, and whether the board is receiving the necessary information from an entity. The approach is informed by your priorities and our assessment of key risks for each entity.

Influencing the international environment

New Zealand's transport regulatory systems are significantly shaped by international obligations, standards and recommended practices. New Zealand benefits strongly from international transport regulatory frameworks, which underpin our international connections and facilitate our trade in goods and services.

The Ministry and the Crown Entities work together to:

- monitor and understand what is happening internationally, and how it affects, or may in future affect, New Zealand's transport system
- influence relevant international standards to protect and promote New Zealand's interests
- ensure New Zealand meets its international transport commitments

A wide range of international organisations influence New Zealand's transport settings. Some of the key organisations the Ministry works with, and their role, are:

- **The International Civil Aviation Organisation:** sets standards and regulations for the aviation sector (international safety, security, and environmental protections).
- **International Maritime Organisation:** sets standards and regulations for the maritime sector (international safety, security, and environmental protections).
- **International Labour Organisation**: sets conditions of work and employment on ships (under the Maritime Labour Convention).
- **United Nations working parties**: New Zealand has obligations as a party to two United Nations Agreements relating to road vehicle and road vehicle standards. Under these agreements, regulations and standards are set to improve road safety and facilitate international trade.
- **World Meteorological Organisation:** Fulfils New Zealand's obligations under the World Meteorological Organization, the United Nations specialised agency for weather, climate, and water, by way of the Ministry's contract with MetService

Your engagement at the international level is important

The Ministry will provide advice on where we consider there will be good value in your engagement in Ministerial-level forums

For example, airlines are able to operate international services only where the right to do so has been expressly permitted in a bilateral or multilateral air services agreement (ASA). The Ministers of Transport and Foreign Affairs jointly approve the mandate for air services negotiations and approve the outcomes where they involve a treaty action.

Most recently, a new air services agreement was finalised in September 2023, following the latest ASEAN (Association of Southeast Asian Nations) Working Group Meeting on Regional Air Services Agreement. This underlines the importance of air connectivity for trade, tourism, education and other people-to-people links.

Key opportunities over the next year may include:

- The Transport and Infrastructure Council
- Pacific Transport Ministerial-level meetings

- International Transport Forum (ITF) Annual Ministerial Summit.
- Asia-Pacific Economic Cooperation (APEC) Ministerial meeting

Delivering your priorities

As the 'transport system steward', the Ministry can help to embed your priorities and connect them with whole of government priorities and advise you on how to use the available levers to achieve your short-, medium-, and longer-term goals. This includes working with the transport agencies to develop a coherent strategic view of the longer-term needs for the transport system.

Medium term-strategies that use a package of interventions to address specific issues may be developed or amended. For example, to respond to a sustained high level of deaths and serious injuries on New Zealand roads, the **Road to Zero** strategy has been developed. This aims to reduce road user death and serious injuries by 40 percent by 2030. The strategy supports a package of inter-related measures which can be monitored and adjusted over time. Transport sector agencies also support a range of cross-government strategies. For example, the Ministry and the CAA also have important roles in supporting the implementation of the **Aotearoa New Zealand Aerospace Strategy**, led by the Ministry of Business, Innovation and Employment.

Additionally, there are a range of short-term transport sector delivery plans currently in force

Additionally, short-term transport sector delivery plans, many of which are governed by Acts of Parliament and are key components of the transport planning and funding system. For example, the **Decarbonising Transport Action Plan (2022-25)** sets out what the Government will do to implement the transport actions in the first Emissions Reduction Plan, and what we need to reduce our transport emissions by 41 percent by 2035 and reach net zero by 2050.

Transport's role within the wider system

There are other important levers that transport does not 'own', but there are actions that can be taken to influence these. For example, land use is an important lever that requires cross-system collaboration and agreement. If we want public transport to be more efficient, this can be supported by land use zoning in areas to enable higher density development. Given its role as a key enabler of social and economic connections, the transport system intersects with a wide range of other systems at the local, national and global levels. This underlines the need to coordinate and recognise the impacts that decisions in transport may have on other sectors.

Figure XX below illustrates some of the key relationships with the transport system, and Appendix XX includes further detail on some key areas where a coordinated response and decisions are required, including maritime security, border security and climate response.

Figure 5 Transport's role within the wider system

Notes

1 Key groupings
2 * Secretary for Transport attends ODESC as required

Wider collaboration within the Transport System

Local government, the private sector, researchers and iwi are also key players in shaping the transport system.

Many parts of the system are outside of government's direct control. For example, in the freight, aviation and maritime sectors, the majority of decisions are made by the private sector. Local government also plays a particularly significant role in regional-level transport investments. Effective, meaningful engagement with stakeholders, is critical to achieving government priorities.

Outside of existing collaboration between government agencies and SOEs, collaboration with other stakeholders in the transport system is critical to realising positive transport outcomes. These stakeholders include:

- **The private sector** plays a significant role in the transport system, as a major employer and significant investor in the transport system. This is particularly the case in the aviation and maritime sectors. The private sector can be a partner in helping to achieve transport outcomes, while also leading innovation in areas such as autonomous vehicles, drones, and 'shared mobility'. Examples of key private sector stakeholders across different modes that we would expect you to engage with include:
  - Air New Zealand, Auckland Airport.
  - Major ports such as Auckland and Tauranga
  - Public transport operators, freight companies (such as Mainfreight), mobility services provides (such as Uber, Mevo)
- **Iwi and hapū** – Government has responsibilities under Te Tiriti o Waitangi to acknowledge Māori as partners and their status as tangata whenua – the indigenous people of Aotearoa. Effective, meaningful partnership with Māori is key to improving transport and broader social outcomes for Māori, and to ensure the transport system serves all New Zealanders equitably.

  Māori are disproportionately represented in transport statistics such as drink driving, and Māori in regional New Zealand are strongly impacted by investment in infrastructure like roads. Government has a responsibility to improve transport outcomes for all New Zealanders including Māori, while Māori and iwi groups will also have an expectation that they are meaningfully consulted on transport decisions that impact their everyday lives.

  Iwi and hapū also have access to local peoples, connections, and expertise that may otherwise be missing from a Crown and central government perspective in policy development.
- **Non-government-organisations,** industry associations, or other groups advocate for the perspectives and interests of particular parts of the sector. This includes groups advocating for particular types of transport (e.g., cycling advocacy groups), neighbourhood groups (e.g., for a public road) and other groups that may be established to support or oppose a specific policy or initiative. Engaging with these groups is a critical aspect of a democratic process and good policy development, as they can bring important perspectives, data and evidence to the policy process, and draw attention to issues that might otherwise be overlooked.

Appendix 1 Emergency Management and search and rescue functions

Emergency Management and search and rescue functions

Emergency Management

The transport system is vulnerable to major natural events and manmade shocks that disrupt services. The Ministry exercises its system stewardship role by being the transport sector lead on resilience and security policy matters with other government agencies such as the Department of Prime Minister and Cabinet (DPMC), the National Emergency Management Agency (NEMA), and the National Security System. The Ministry works closely with the other transport Crown entities to plan for future needs and emergencies so that the transport sector can respond efficiently and effectively to system disruptions or damaged infrastructure.

System planning and preparedness is reviewed during DPMC-led ODESC forums and exercised as part of the NEMA-led all-of-government National Exercise Programme. During significant responses the Ministry will activate and lead the Transport Response Team (TRT), which acts as the sector coordinating entity for transport under the Civil Defence and Emergency Management Act. As a non-operational agency, the Ministry's role is to coordinate the transport sector and ensure a single transport voice is provided to the lead agency for the response and to Ministers.

New Zealand Search and Rescue Council

New Zealand's 30 million km2 Search and Rescue (SAR) region (the world's third largest) extends from the South Pole to the southern border of the Honolulu region, halfway to Australia and Chile, and includes American Samoa, Cook Islands, Niue, Norfolk Island, Samoa, Tokelau and Tonga. Collectively, the SAR sector comprises approximately 11,095 people from a wide variety of public, non-government and commercial organisations of whom around 89 percent are volunteers. During the 2022/23 year, the sector saved 137 lives, rescued 744 people, and assisted a further 1130 people. These actions averted $1.639 billion in social costs to New Zealand.

The New Zealand Search and Rescue (NZSAR) Council, established by Cabinet in 2003 provides strategic governance, leadership to the SAR sector, manages the governments investment into the sector and provides SAR advice to Ministers. The Council consists of the chief executives of departments with SAR responsibilities and includes the Ministry (chair), Maritime NZ (MNZ), the Civil Aviation Authority, the Department of Conservation, the NZ Police, the New Zealand Defence Force, Fire and Emergency NZ, and a non-government independent member.

The Ministry receives funding for and hosts the NZSAR Secretariat. Either the NZ Police or the Rescue Coordination Centre NZ (which is an operating group within MNZ) coordinates SAR operations. The responsible coordinating authority will request the use of SAR assets depending on the requirements of the operation. A wide variety of organisations may participate in SAR operations, including the Department of Conservation, NZ Land Search and Rescue, Coastguard NZ, Surf Life Saving NZ, rescue helicopters, the NZ Police, commercial vessels, Defence and a variety of smaller organisations or assets including members of the public.

The SAR sector's revenue comes from a variety of sources, including Crown funding through Vote Transport, Vote Police, Vote Conservation, and Vote Defence, and hypothecated funding collected under the LMTA (which recognises FED paid by recreational boat users). Commercial sponsorship, local fundraising, community grants, class 4 gaming (including gaming machines from pubs and clubs) and the Lotteries Grants Board also provide funding to the wider search and rescue and recreational safety sectors.

Ministers of Transport and Finance are empowered under the LTMA to allocate FED funding for SAR purposes. The NZSAR Council (on behalf of the Ministry) administers approximately $21.8 million per annum of FED investment into SAR sector agencies. The NZSAR Council (on behalf of the Ministry) also administers the government's investment of $15.1 million per annum into frontline water safety rescue and prevention services (Coastguard NZ and Surf Life Saving NZ).

Appendix 2 Cross system collaboration

Maritime Security

You are the lead minister for Maritime Security and the Ministry is the lead agency for maritime security policy. The Ministry chairs the Maritime Security Oversight Committee (MSOC) which is responsible for oversight of New Zealand's maritime security and comprises the lead 11 maritime security agencies. MSOC developed a Maritime Security Strategy (endorsed by Cabinet in 2019) in response to multiple, increasing security pressures.

There are 12 core national security issues within the National Security Strategy with each issue assigned a Strategic Coordination Agency. The Ministry performs that role for maritime security so sits on the National Security Board where is it also able to represent other national security issues such as transport security and the supply chain.

Border Executive Board

The Border Executive Board (BEB) is an interdepartmental executive board that has six member agencies – New Zealand Customs Service (chair), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Manatū Hauora Ministry of Health, and Te Manatū Waka Ministry of Transport. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination, and improvement activity.

Climate Change Chief Executives Board

New Zealand has international commitments under the Paris Agreement, and a domestic legislative framework (under the Climate Change Response Act 2002) that commits the government to ambitious emissions reduction targets and to improving our resilience and ability to adapt to the effects of climate change. The Climate Change Chief Executives Board (the Board) was legally established in July 2022 as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to align and co-ordinate cross-department climate change action. The Board comprises of eight Chief Executives, is chaired by the Secretary for the Environment, and it is responsible to the Prime Minister for its operations. The Ministry of Transport's Chief Executive serves on the Board to drive collaboration with other key departments alongside delivering on your transport portfolio commitments.

While the Board is responsible for overseeing the delivery of the first ERP and NAP as a whole, Te Manatū Waka remains accountable for the delivery of actions within your portfolio/s.

For more information on the Board and its work, please refer to the Climate Change Chief Executives Board BIM.

Appendix 3 Summary of agencies, state owned enterprises, and their functions

Agency/SOE	Key Functions
Te Manatū Waka Ministry of Transport	The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and also on funding and governance of the transport Crown entities. The Ministry plays key functions under five key levers (previously detailed).
Waka Kotahi	Waka Kotahi is a Crown entity primarily governed by the Land Transport Management Act 2003 (LTMA) and Crown Entities Act 2004. Waka Kotahi's functions include investing in, and managing most aspects of the land transport network, including rail. Waka Kotahi has a set of statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and exercises enforcement powers. Waka Kotahi has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing, and certification and revenue collection.
Civil Aviation Authority (CAA)	CAA is a Crown entity primarily governed under the Civil Aviation Act 2023 and Crown Entities Act 2004. Led by the Director of Civil Aviation, the Authority has two functional divisions: Civil Aviation Authority performs safety and security regulatory functions, and Aviation Security Service (Avsec) delivers aviation security services at New Zealand's six security designated airports.
Maritime New Zealand (MNZ)	MNZ is a Crown entity established under the Maritime Transport Act 1994. It is responsible for promoting a safe, secure, clean and sustainable maritime environment for all commercial and recreational activities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people. The Agency has both a domestic and international focus.
Transport Accident Investigation Commission (TAIC)	TAIC is an independent Crown entity, and acts as a standing commission of inquiry. The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the future, rather than to ascribe blame. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers.
City Rail Link Limited	City Rail Link Limited is listed as a company under Schedule 4A of the Public Finance Act. It was established in 2017 by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL) project. The Crown and Auckland Council jointly own City Rail Link Limited (with a 51/49 percent shareholding respectively). You are jointly responsible, with the Minister of Finance, for the Crown's interest in City Rail Link Limited (as shareholding Ministers). Board appointments require joint agreement from the Crown and Auckland Council. The Board operates independently to shareholding Ministers and Auckland Council, in accordance with the Project Delivery Agreement. The Project Delivery Agreement is a contractual agreement between the Crown, Council and City Rail Link Limited that sets out the terms for City Rail Link Limited to manage the delivery of the CRL project on behalf of the Crown and Council, as joint Sponsors of the project.

Agency/SOE	Key Functions
Auckland Light Rail Limited	Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004 to deliver a Detailed Business Case (DBC) by mid 2024 for the Crown to make a final investment decision on a light rail route from the Auckland city centre to Auckland Airport. The ALR project includes urban development and integration with other transport initiatives and systems, such as the Additional Waitematā Harbour Crossing, You are jointly responsible for ALRL along with the Minister of Finance and the Minister of Housing with each Minister having a 1/3 share in ALRL. In addition, Auckland Council and Manu Whenau representatives are joint sponsors along with the Crown. The Board operates independently at arm's length to shareholding Ministers and Sponsors in accordance with the Project Planning and Funding Agreement (PPFA). The PPFA is a contractual agreement between the Crown, Council and ALRL that sets out the terms for ALRL to manage the delivery of the Auckland Light Rail project.
KiwiRail	KiwiRail is a commercially focused and vertically integrated SOE, responsible for operating freight and tourism passenger services on 3,700 kilometres of rail network and three inter-island ferries. KiwiRail owns, maintains and upgrades the national rail network and associated infrastructure, including the rail networks used by Auckland and Wellington passenger rail services. KiwiRail will also be responsible for operating Te Huia (Hamilton to Auckland start-up service), once it is operational. Auckland Transport (AT) and Greater Wellington Regional Council (GWRC) are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots. KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive.
Meteorological Service of New Zealand Ltd (MetService)	The core purpose of MetService is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making. MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the State Highway network and other major roads.
Airways Corporation of New Zealand Ltd (Airways)	Airways is a commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions. Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region. Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invest in new technology that enhances safety and delivers real economic and environmental benefits for customers and the public. As an ANSP, Airways is regulated by CAA and provides its service in line with Civil Aviation Rules and international standards.

WIDER COLLABORATION WITHIN THE TRANSPORT SYSTEM

Briefing to the Incoming Minister (System)

Your guide to the Transport system

transport.govt.nz

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Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

He pepa whakamōhiotanga mō te Minita | Briefing to the Incoming Minister (System)

Te Manatū Waka Ministry of Transport

October 2023

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Appendices

Introduction

Tēnā koe Minister and congratulations on your appointment as Minister of Transport.

Transport plays a pivotal role in providing liveable cities and thriving regions. It gives people access to family and whānau, places of learning and employment, and supports their participation in society. Transport contributes to the economic prosperity of rural communities, towns and cities, and connects Aotearoa New Zealand economically and culturally with the rest of the world. It shapes land use, urban form, and street-level interactions.

Transport also affects our health by influencing how people and goods travel, how physically active we are, and how safe it is to journey between places. It affects the quality of our environment including air and water quality, biodiversity gains or losses, and global greenhouse gas emissions.

Many organisations, both public and private, are responsible for planning, designing, building, and providing services within the transport system. These organisations operate within a web of laws, rules, processes and funding mechanisms. The transport system is dynamic, needing to constantly adapt and change in the face of public expectations and external influences.

You and the Government will want transport to support your specific transport priorities, as well as your broader priorities such as how we grow our economy, reduce emissions, and address pressures in our cities.

For example, the Ministry and the wider transport system are playing a key role as Aotearoa New Zealand works to recover from the effects and devastation of extreme weather events, such Cyclone Gabrielle. A focus on rebuilding transport infrastructure and ensuring that our system is resilient in the face of the impacts of climate change is a critical priority. Additionally, increasing climate resilience includes reducing transport emissions to support Aotearoa New Zealand reaching net zero carbon emissions by 2050.

The transport system we have today has been shaped over many decades, and decisions made in the past have determined the options that are available to people today. Achieving meaningful change in such a large and complex system takes time, but the decisions that you make over your term as Minister will shape the system well into the future.

This briefing sets out how you can give effect to your priorities and influence the longer term direction of transport as a system. These choices, about how you match your priorities with interventions, will offer many opportunities as well as challenges.

To help you to utilise these opportunities and resolve the challenges, we have outlined the levers available to you for influencing the transport system. This briefing also describes the roles and responsibilities of the government transport agencies, state-owned enterprises and some of the other stakeholders you will work with. This briefing is complementary, and should be read in conjunction with, the strategic BIM.

In our role as system lead, we look forward to giving you the advice, support and the rigorous evidence needed to put your priorities in place.

Nāku noa, nā

Audrey Sonerson
Secretary for Transport

A snapshot of your portfolio

Inclusive Access
Enabling all people to participate in society through access to social and economic opportunities, such as work, education and healthcare

16% of jobs are accessible by public transport compared to 47% of jobs accessible by car within 45 minutes during weekday morning peak (2021/22)

25.8% of people in Auckland, 15.8% of people in Wellington and 23.6% of people in Christchurch have access to frequent public transport services. (2021/22

Healthy and Safe People
Protecting people from transport-related injuries and harmful pollution, and making active travel an attractive option

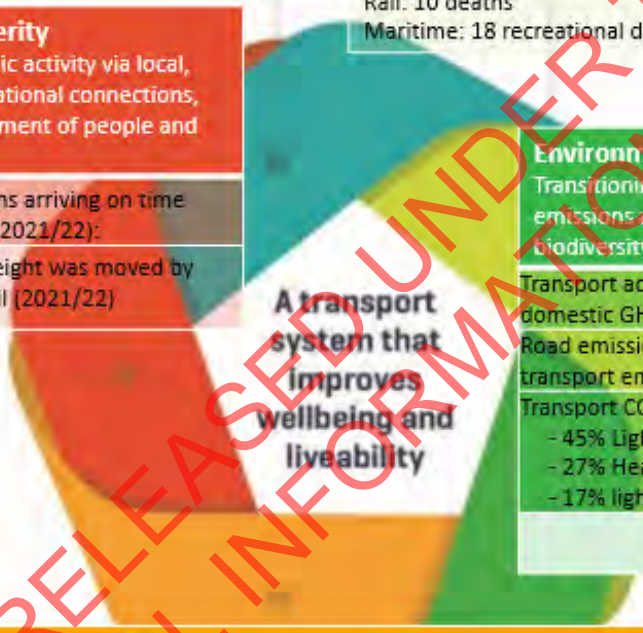
Transport (largely diesel vehicles) is responsible two thirds of the harm caused by air pollution. This causes:
- >2,200 premature deaths for adult New Zealanders
- >9,200 hospital admissions for respiratory and cardiac illnesses
- >13,200 cases of childhood asthma
- social costs of $10.5 billion

Fatalities (2022)
Road: 377 deaths
Rail: 10 deaths
Maritime: 18 recreational deaths, 12 commercial

Economic Prosperity
Supporting economic activity via local, regional and international connections, with efficient movement of people and freight

87.6% of freight trains arriving on time (within 30 minutes) (2021/22):

87% of domestic freight was moved by road and 13% by rail (2021/22)



Environmental Sustainability
Transitioning to net-zero carbon emissions and maintain or improving biodiversity, water quality, and air quality

Transport accounted for 17.3% of total gross domestic GHG emissions

Road emissions made up 91.3% of total transport emissions

Transport CO2 emissions are from:
- 45% Light passenger vehicles
- 27% Heavy vehicles
- 17% light commercial vehicles

Resilience and Security
Minimising and managing risks from natural and human-made hazards, anticipating and adapting to emerging trends, and recovering effectively from disruptive events

Out of the total 3,997km of key social and economic corridors across the country, 42% (1,669.5km) have viable alternative routes. The result is lower in the South Island compared with the North Island. (2021/22)

Infrastructure assets

11,201km state highways
86,152km local roads

Xxkm Dedicated bus lanes
4,563km track in rail network

Xxkm separated cycleways
Xxkm footpaths

Vehicle Fleet
There are over 4.5 million vehicles in the fleet, equating to 889 vehicles per 1000 people, or xx vehicles per 1000 full driver licences

75% of fleet is light passenger vehicles
- 96% are fossil fuel powered
- 3% are hybrid or plug-in hybrid
- 1% are electric

16% of fleet is light commercial vehicles
4% of fleet is heavy vehicles

Shaping our transport system

The Transport Portfolio

The transport system is a significant part of our social and economic infrastructure, providing the links that help establish and sustain our economy and society.

The transport system includes:

- vehicles that move people and products
- physical infrastructure (e.g., airports, seaports, the rail network, roads, busways, and cycleways)
- transport services (e.g., public transport, bike- sharing, ride-sharing)
- digital infrastructure (e.g., satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- institutions and regulatory systems that influence how the transport system functions and develops (e.g., through their management practices, rules, policies, and investment tools).

Your role as Minister is to set priorities for investment through the GPS, set expectations for our entities and appoint Board members. You will make policy decisions that will direct and influence actors in the system, which provide choices to transport users. As Minister, you are responsible for making sure the transport system supports the aspirations of small communities, rural communities, towns and cities, and regions.

In doing so, it is important to recognise that each part of the system operates differently. For example, while government funds and delivers most of the land transport infrastructure, much of the aviation and maritime sector is delivered by the private sector.

Transport is also a delivery arm of many broader government strategies, and a number of key government priorities will not be achieved unless transport plays its part: reaching New Zealand's emissions targets; growing the economy and connecting to markets; and enabling economic and social mobility in our towns and cities. Transport cannot achieve these priorities by itself, but its absence can slow or prevent their delivery.

The different parts of the transport system

Central government is heavily involved in the transport system as a planner, funder, partner, enforcer, and regulator. In your day-to-day work, you will be closely interacting with transport sector agencies.

Te Manatū Waka Ministry of Transport (the Ministry) is a government department, while Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) and the Transport Accident Investigation Commission (TAIC) are transport agencies, with TAIC as an independent Crown entity.

There are three state-owned enterprises (SOEs): KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService).

Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004. Additionally, City Rail Link Limited is the sole company under Schedule 4A of the

Public Finance Act, jointly established by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL).

You have different roles and responsibilities in relation to each of these agencies.

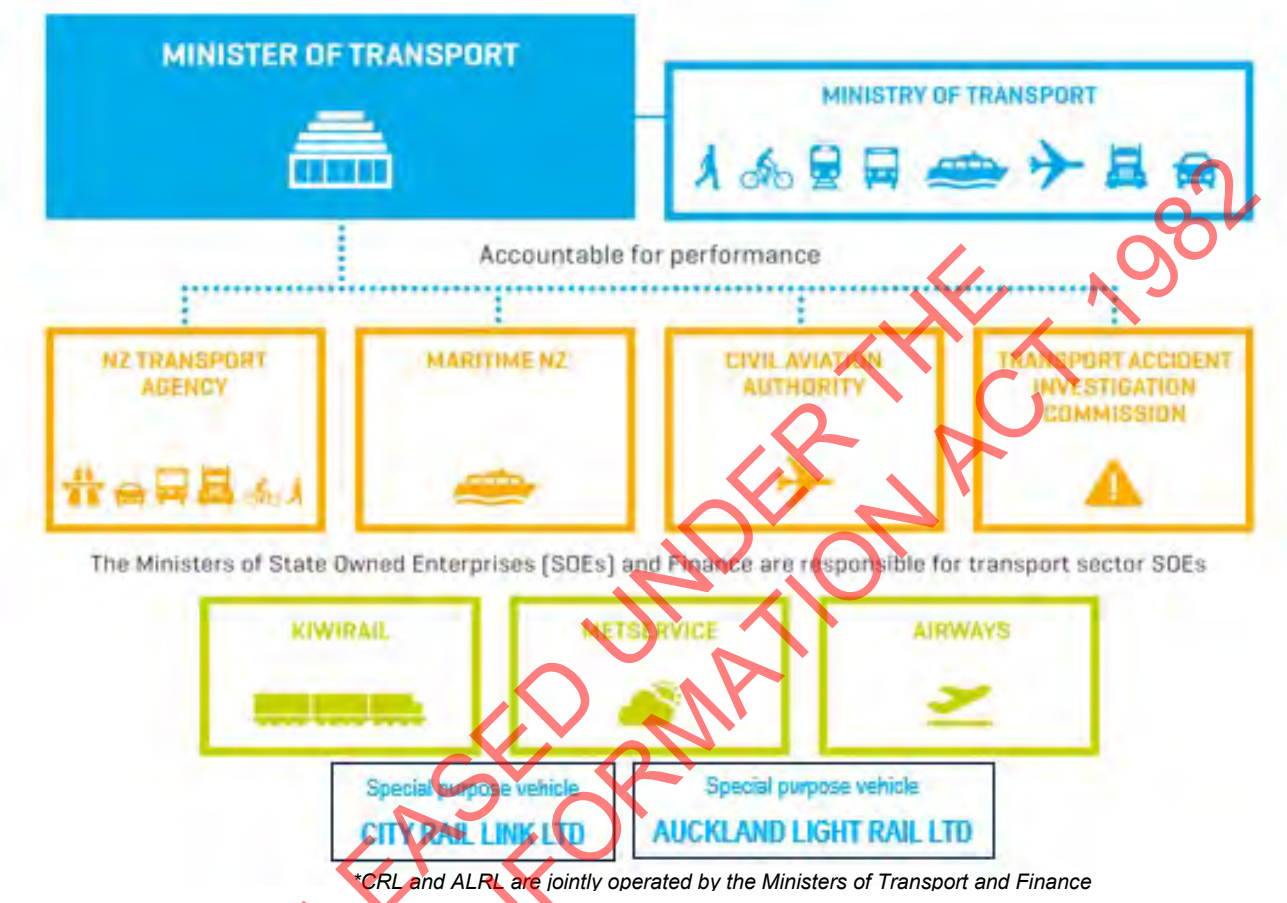


Figure 1 Relationship between you, the Ministry, SOEs and agencies

The Transport Outcomes Framework

The Ministry developed the Transport Outcomes Framework (the Framework) with input from sector stakeholders. The Framework sets out a way of assessing the sector's performance and measuring progress against a range of outcomes. There are five inter-related outcomes and the Framework is closely aligned with the Treasury's Living Standards Framework.

The Framework helps to provide a consistent approach to assessing the effectiveness of policy proposals and delivery. The Framework helps to understand transport's many areas of influence across society and the economy, and to be more explicit about the trade-offs between the outcomes that are sometimes required. Because the outcomes are inter-related, they need to be met through a range of interventions. Different Governments can place their own emphasis across the outcomes and there is no single 'right' approach.

To support the Framework, there is a set of quantitative indicators to track transport's contribution against the five outcomes over time.

THE TRANSPORT OUTCOMES FRAMEWORK

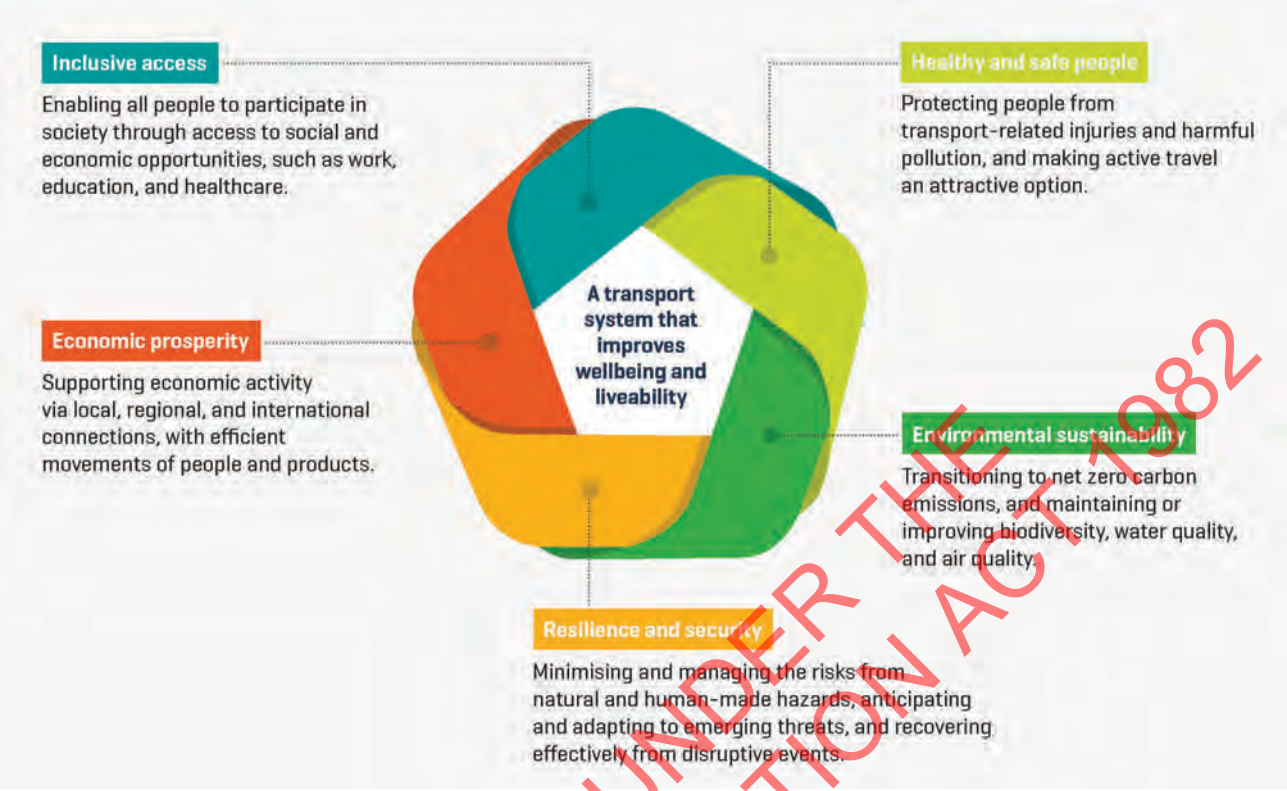


Figure 2 The Transport Outcomes Framework

Measuring progress and using evidence

The Ministry, the transport agencies, and SOEs have access to, and the ability to analyse, numerous datasets, including vehicle fleet statistics and emissions data, and the Freight Information Gathering System. This enables agencies to offer evidence-based insight into trends, future projections, and possible impacts of policy decisions.

We can help you better understand the implications of your decisions, from modelling the impacts, to monitoring and evaluating the effectiveness of policies and investment in infrastructure. For example, the Ministry has developed a **National Transport Model (Monty)** to understand how people interact with the transport system

The **Ministry's Transport Sector Monitoring Framework** provides a consistent approach to monitor the progress of interventions to help understand whether the right outputs are delivered efficiently and economically to deliver the desired outcomes and impacts effectively.

The **Transport Evidence Base Strategy (TEBS)** and the **Decarbonising Transport Research Strategy (DTRS)** set out the paths to ensure the transport sector has the right data, information, research and evaluation to support policy decisions. Implementation of the TEBS and the DTRS is the responsibility of your transport agencies (e.g. through the Land Transport Sector Research Programme managed by Waka Kotahi) and SOEs, working alongside local government and other stakeholders.

The five transport levers

As Minister, you have a range of levers to influence the transport system. There are differences in the way that the various levers are exercised for each mode, and each mode has its own regulatory model. Our advice to you will focus on how you can make use of these levers.

Investment and revenue

Investing in transport infrastructure is a priority for any Government. Investment comes from dedicated and general funding sources to create capacity, enhance or maintain existing infrastructure and services, and can influence choices by providing alternative travel options.

The GPS allows you to guide investment from the NLTF

The GPS allows you to guide investment from the NLTF and can be used both to maintain a level of service and drive change on the land transport network, while delivering value for money. This is done through applying the Ministry's value for money assessment model in the appraisal and evaluation process and establishing funding ranges for activity classes. Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years.

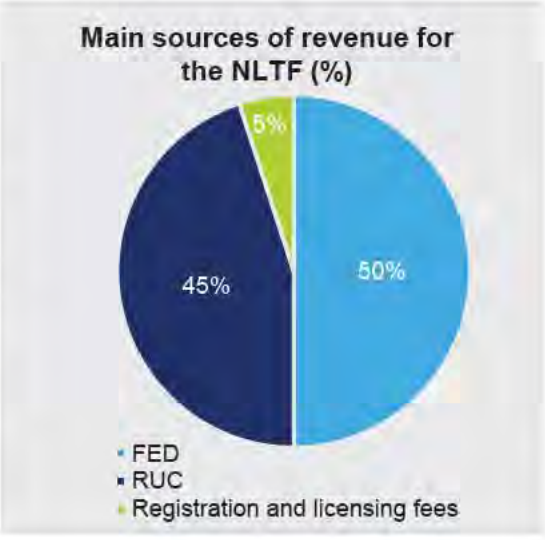
While you can use the GPS to indicate what types of transport activities you want delivered, you cannot specify what individual projects are funded using hypothecated NLTF revenue.

The LTMA gives Waka Kotahi statutory independence to select projects for the NLTP. However, the GPS can set an expectation for Waka Kotahi to consider government programmes when allocating funding through the NLTP.

The NLTF is mainly funded by motor vehicle users

The NLTF is administered by Waka Kotahi and collects about $4.2 billion per annum. The main sources of revenue for the NLTF are:

- Fuel Excise Duty (FED) which is tax applied at a rate of 70c/l to petrol and 10.4c/l to LPG
- Road User Charges (RUC) which is a distance-based charge applied to diesel vehicles and heavy vehicles over 3.5 tonnes. Different RUC rates are applied to vehicle classes depending on weight and axle configuration and range from $76 to over $1,000 per 1,000 km travelled.
- Motor vehicle registration and annual licensing fees



Revenue from the fund is invested in state highways, the rail network[1], local roads, road policing, walking and cycling, and public transport.

Local government matches the $1 billion contribution from the NLTF with another $1 billion per year of its own funding.

You can adjust the rate of charges and duties for the NLTF to meet your priorities

RUC rates are set through the RUC Rates Regulations 2015 and changes must be confirmed by Parliament. FED is generally set through amendments to the Customs and Excise Act 2018 and, sometimes, by an Order in Council.

The Ministry is required to provide updated forecasts of NLTF revenue at each Government economic and fiscal update (six-monthly intervals). The figure below is the forecast run for the Pre-election Economic and Fiscal Update 2023. It shows NLTF revenue has been rising, primarily due to increased travel and increases in FED and RUC rates. Revenue from FED will become less certain and unstable over time as vehicles continue to become more fuel efficient and people increasingly choose to travel by other modes.

The decrease in revenue from 2022-2023 is due to the previous Government's cost-of- living package - which provided a 36 percent reduction in RUC and 25 cent per litre reduction in FED. Foregone revenue from the package was backfilled from a $1.9 billion Crown appropriation so that Waka Kotahi had sufficient funds to meet the expenditure range set out in the NLTP 2021.

[1] National rail network maintenance and renewals investment is funded through the NLTF as part of the Rail Network activity class. KiwiRail is required to prepare a Rail Network Investment Programme (RNIP) every three years, and you are responsible, as Minister for Transport, for approving KiwiRail's RNIP

Figure 3 Actual and forecasted NLTF revenue, as reported in the Pre-Election Fiscal Update 2023

Transport regulatory agencies are primarily funded from fees, charges, and levies

As Minister, you have responsibility for seeking Cabinet's agreement to the rates at which fees, charges, and levies are set. These are critical decisions because they determine the resourcing available to the transport agencies to deliver their regulatory responsibilities.

Crown funds can supplement transport revenue and be used to purchase specific projects or programmes

Not all of the investment Government has wanted in the transport sector has been able to be met from the NLTF. Increasingly the Crown has made direct investments in specific activities in the transport system.The annual budget process led by the Minister of Finance is another opportunity for Crown funds to supplement the NLTF.

Unlike investment from the NLTF where the Waka Kotahi Board has an independent role in overseeing and monitoring expenditure, ministers are accountable for activities funded by the Crown directly and retain decision making rights when changes are needed to the budget, scope or timeframes for these projects. While bodies like Waka Kotahi or KiwiRail may deliver Crown-funded activities and investment programmes, the Crown usually establishes additional oversight arrangements for any projects or programmes with Crown funding. These arrangements give Ministers assurance that the intended investment outcomes are being achieved.

Economic and educational tools

You can use travel demand management tools to drive behaviour change within the transport system

Economic instruments can help to better inform people of the impacts of their travel choices by putting a price on those impacts. The price of transport can reflect the direct costs of using the network, the indirect costs and externalities (such as emissions), or it can be set relative to other modes to influence the use of one mode over another.

Pricing and other economic instruments can be used to encourage more efficient use of the network and can be used by local government to drive travel choices and decisions. Such instruments include differential charging of public transport (e.g., reduced off-peak fares), subsidised public transport fares, tolling, congestion charging, and parking fees.

For example, tolling can contribute to the cost of building and maintaining new roads. You are the key decision maker and responsible for recommending to the Governor General that a road is tolled under the LTMA. The Ministry will provide advice on tolling proposals, liaise with the Road Controlling Authorities (RCAs), and advise on the legislative process to establish a tolling order. There are three existing toll roads: Northern Gateway, Tauranga Eastern Link, and Takitimu Drive[2]. Penlink, which is scheduled to open by late 2026 has also been approved as a toll road.

Information and education are used in road safety and can help to nudge people to make more informed travel decisions by communicating or consolidating information about their travel choices. Examples of educational instruments to influence travel choices and decisions include travel planning, social media marketing, information provision, mass media campaigns.

The greatest benefits come from combining economic and educational instruments with complementary measures, such as infrastructure provision and legislative changes. In doing so, these measures can help to more effectively achieve the outcomes you want to see in the transport system, such as reduced congestion, reduced emissions and better health outcomes.

Regulation

You have a range of tools in the transport regulatory system to deliver durable transport outcomes

Regulation is indispensable to the proper functioning of economies and societies. Regulation underpins markets, create an enabling environment for firms and individuals, protect the rights and safety of citizens, and ensure the delivery of public goods and services.

The system is comprised of primary and secondary legislation (which includes regulations, rules, and other instruments).

Some transport regulation involves the direct prohibition or authorisation of some commercial activity. Foreign ships are explicitly prohibited from carrying coastal cargo, except in specified circumstances and with specific approval., Airlines operating scheduled international services require an international air services licence, issued within parameters set out in Air Services

[2] In 2021/22, the total tolling revenue raised from these roads was $31.8 million, with $10 million going to collection costs and $21.9 million to repay debt https://www.nzta.govt.nz/assets/resources/annual-report-nzta/2021-22/waka-kotahi-annual-report-2021-22.pdf

Agreements. Some parts of the transport sector (e.g. aviation) is subject to regulation by other agencies, e.g. the Commerce Commission regulates the disclosure of pricing by airports given the monopolistic nature of airports.

Transport Crown entities, as well as the Ministry, need to deliver services, educate and inform, and make sure that people follow the legal requirements. Through the transport regulatory system, you are able to deliver your priorities through the licensing, certification and regulation of people, organisations, and vehicles. At an individual level, regulatory and enforcement powers are exercised by the transport agencies (through the actions taken by the Director in each of these agencies).

You have responsibility for a variety of legal instruments

Legislation forms the core of the transport regulatory system comprising primary legislation, secondary legislation, and local government bylaws[3].

You are responsible for 20 transport Acts which set out:

- the roles and functions of the Ministry, transport agencies, and state-owned enterprises (SOEs) (like KiwiRail)
- the planning and funding arrangements for land transport
- the roles and powers of local authorities and road controlling authorities
- licensing and certification arrangements for transport system participants, vehicles and technology
- the requirements for making transport regulations and rules
- compliance tools to promote adherence to safety, security and environmental requirements across transport modes.

You are responsible for the passage of primary transport legislation through Parliament. The Ministry supports you to do this.

Transport rules contain detailed standards, requirements and procedures that govern transport activities

Transport rules are the most common form of delegated legislation for transport. Rules contain detailed technical standards, requirements, and procedures governing the construction, maintenance, licensing, certification and operation of transport activities within modes. You are empowered under primary legislation to make these rules through delegated responsibilities. You are expected to advise Cabinet that you intend to make a rule if there would be wide-ranging impacts. There is an expedited rule making process where urgent changes can be made by Order in Council. The transport Crown entities develop the majority of transport rules with the Ministry's involvement, but the Ministry leads policy development on significant Rules.

Regulations set out associated offences and penalties, fees, and charges

Transport regulations mainly set out the associated rule-related offences and penalties, and fees and charges that fund the work of the transport agencies. The Ministry leads the development of

[3] As Transport Minister you have powers to amend, replace or disallow some local government bylaws.

these with involvement from transport agencies and SOEs, and the NZ Police depending on the subject. Regulations must be approved by Cabinet.

Transport instruments help support a more flexible regulator system

Transport instruments improve the flexibility of the rule-making process by having more customised consultation requirements, meaning that changes that only affect a small number of transport users can be progressed quickly. Transport instruments can also be more easily amended in response to technological innovation.

Transport instruments are outlined in a rule made by you as Minister of Transport, with the design and management delegated to a specified official (such as the Director of the relevant transport agency). For example, several transport instruments now exist in Maritime legislation, with more planned in other modes as part of work on secondary legislation. The Civil Aviation Act 2023 (which comes into force in 2025) also empowers the Minister to enable the creation of a transport instrument.

The regulatory system, through legislation, rules, and regulation implements requirements under international conventions and agreements

There are some 50 international transport related agreements. However, only a small number require regular updates of our regulatory system.

Crown monitoring, assurance, and oversight

You have a role in appointing Board members to the transport agencies, setting their expectations and monitoring their performance.

Crown entity monitoring and oversight is a key mechanism to deliver your priorities

The Ministry and the transport Crown entities work collaboratively to develop and deliver a multi year programme of work which will progress your priorities and the delivery of transport outcomes, and other priority actions to maintain and renew the system.

Your role as responsible Minister of these entities is to oversee and manage the Crown's interests in, and relationship with, a statutory entity.[4] While you are ultimately accountable for the performance of these entities, the Boards that you appoint to these are primarily responsible.

The Crown carries out service delivery and regulation activities in the transport system through Crown transport entities and Crown companies: Waka Kotahi, MNZ, CAA, Auckland Light Rail Limited (ALRL) and City Rail Link Limited (CRLL).

The Ministry is your monitoring agent for the transport Crown entities. The roles and responsibilities of the Minister, Crown entity and monitoring department are outlined in the *It Takes Three Framework*[5],

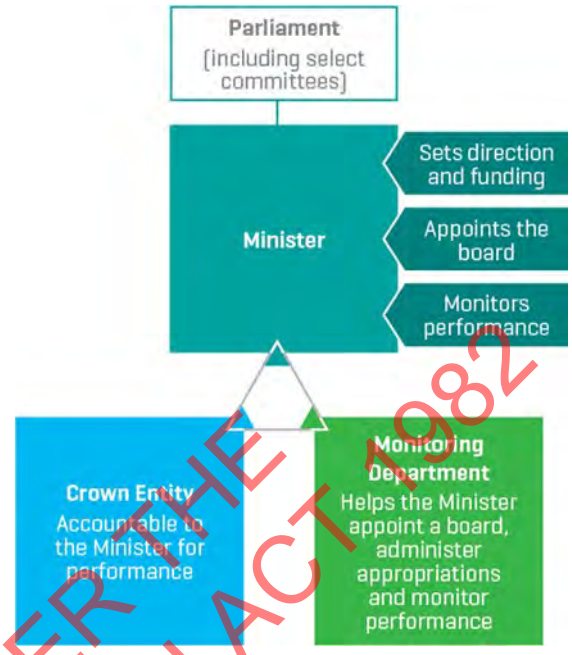


Figure 4 Roles and responsibilities of the Minister, Crown entity and monitoring department

The capability and performance of the transport entity boards is critical in delivering your priorities and expectations

Each Crown entity and company is governed by a board. There are a maximum of 69 ministerial appointed positions across the transport sector. This is comprised of up to 23 positions on Crown entities, including positions on the ALRL Board, TAIC Commissioners, CRLL Board, Aviation Medical Conveners, and advisory committee positions.

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power, perform the functions of each entity and hold responsibility for the operational decisions of their entities. You appoint and oversee those boards as responsible Minister and are assisted by the Ministry as your monitoring agent, assisting you in discharging your statutory functions.

Before appointments fall due, we will provide you with advice to support the appointment and re-appointment of board members. As part of this process, we will provide you with an overall assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective, and high performing.

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4 As defined under section 27 of the Crown Entities Act

5 https://www.publicservice.govt.nz/guidance/it-takes-three-operating-expectations-framework-for-statutory-crown-entities/

You have a vital role in overseeing the delivery and performance of key transport agencies

Your oversight role, supported by the Ministry, is vital in ensuring the transport Crown entities are effectively performing their functions, many of which deliver critical services to New Zealanders. Below are a range of accountability mechanisms that the Ministry will advise you on to assist you in overseeing the transport Crown entities and meeting your statutory responsibilities.

Table 1 Accountability mechanisms

Accountability Mechanism	Description
Letter of Expectations	Primary mechanism used to set the priorities and performance expectations on an annual basis. You can expect to receive draft letters from the Ministry around October/November. These letters are sent out well in advance of the financial year, so that Crown entities can respond effectively.
Statement of Intent	Sets out the entity's strategic intentions against the Government's priorities and direction. The Statement of Intent is developed by an entity for at least a four-year period.
Statement of Performance Expectations	Sets out the entity's annual delivery and performance expectations against your Letter of Expectations and the Statement of Intent. Entities are required to provide their final drafts of their Statements of Performance Expectations for your comment before 1 May each year.
Annual Report	Sets out entities' annual non-financial and financial performance against the expectations set out in the Statement of Performance Expectations. You can expect to receive annual reports from each entity around October.
Quarterly reporting	Performance reporting provided by the entity against the priorities and expectations set out in the Statement of Performance Expectations.

You will have regular meetings with Crown entity chairs to discuss entity governance, performance and key risks. The Ministry will provide you with advice to assist in your engagement.

The Ministry also conducts other assurance, funding, contracting and reviewing activities

In addition to carrying out oversight and monitoring of the Crown entities and companies on your behalf, the Ministry also conducts other activities for government transport initiatives and programmes, Crown entities and Crown companies. For example. this includes providing advice on and monitoring programmes such as the NZ Upgrade Programme, the Climate Emergency Response Fund (CERF), and managing the MetService contract to ensure that New Zealand has a service that fulfils the World Meteorological Organisation Technical Regulations.

The Ministry uses a **Transport Sector Monitoring Framework** that provides a structured approach to monitor interventions. This assesses entity governance, capability and performance, how entities communicate information to the board, their assurance mechanisms for key projects and programmes, and whether the board is receiving the necessary information from an entity. The approach is informed by your priorities and our assessment of key risks for each entity.

Influencing the international environment

New Zealand's transport regulatory systems are significantly shaped by international obligations, standards and recommended practices. New Zealand benefits strongly from international transport regulatory frameworks, which underpin our international connections and facilitate our trade in goods and services.

As steward of the transport system, the Ministry's role is to:

- monitor and understand what is happening internationally, and how it affects, or may in future affect, New Zealand's transport system
- influence relevant international standards to protect and promote New Zealand's interests
- ensure New Zealand meets its international transport commitments

A wide range of international organisations influence New Zealand's transport settings. Some of the key organisations the Ministry works with, and their role, are:

- **The International Civil Aviation Organisation:** sets standards and regulations for the aviation sector (international safety, security, and environmental protections).
- **International Maritime Organisation:** sets standards and regulations for the maritime sector (international safety, security, and environmental protections).
- **International Labour Organisation**: sets conditions of work and employment on ships (under the Maritime Labour Convention).
- **United Nations working parties**: New Zealand has obligations as a party to two United Nations Agreements relating to road vehicle and road vehicle standards. Under these agreements, regulations and standards are set to improve road safety and facilitate international trade.
- **World Meteorological Organisation:** Fulfils New Zealand's obligations under the World Meteorological Organization, the United Nations specialised agency for weather, climate, and water, by way of the Ministry's contract with MetService

Your engagement at the international level is important

The Ministry will provide advice on where we consider there will be good value in your engagement in Ministerial-level forums

For example, airlines are able to operate international services only where the right to do so has been expressly permitted in a bilateral or multilateral air services agreement (ASA). The Ministers of Transport and Foreign Affairs jointly approve the mandate for air services negotiations and approve the outcomes where they involve a treaty action.

Most recently, a new air services agreement was finalised in September 2023, following the latest ASEAN (Association of Southeast Asian Nations) Working Group Meeting on Regional Air Services Agreement. This underlines the importance of air connectivity for trade, tourism, education and other people-to-people links.

Key opportunities over the next year may include:

- The Transport and Infrastructure Council
- Pacific Transport Ministerial-level meetings

- International Transport Forum (ITF) Annual Ministerial Summit.
- Asia-Pacific Economic Cooperation (APEC) Ministerial meeting

Delivering your priorities

As the 'transport system steward', the Ministry can help to embed your priorities and connect them with whole of government priorities and advise you on how to use the available levers to achieve your short-, medium-, and longer-term goals. This includes working with the transport agencies to develop a coherent strategic view of the longer-term needs for the transport system.

Medium term-strategies that use a package of interventions to address specific issues may be developed or amended. For example, to respond to a sustained high level of deaths and serious injuries on New Zealand roads, the **Road to Zero** strategy has been developed. This aims to reduce road user death and serious injuries by 40 percent by 2030. The strategy supports a package of inter-related measures which can be monitored and adjusted over time

Additionally, short-term transport sector delivery plans, many of which are governed by Acts of Parliament and are key components of the transport planning and funding system. For example, the **Decarbonising Transport Action Plan (2022-25)** sets out what the Government will do to implement the transport actions in the first Emissions Reduction Plan, and what we need to reduce our transport emissions by 41 percent by 2035 and reach net zero by 2050.

Transport's role within the wider system

There are other important levers that transport does not 'own', but there are actions that can be taken to influence these. For example, land use is an important lever that requires cross-system collaboration and agreement. If we want public transport to be more efficient, this can be supported by land use zoning in areas to enable higher density development. Given its role as a key enabler of social and economic connections, the transport system intersects with a wide range of other systems at the local, national and global levels. This underlines the need to coordinate and recognise the impacts that decisions in transport may have on other sectors.

Figure XX below illustrates some of the key relationships with the transport system, and Appendix XX includes further detail on some key areas where a coordinated response and decisions are required, including maritime security, border security and climate response.

Figure 5 Transport's role within the wider system

Notes

1 Key groupings
2 * Secretary for Transport attends ODESC as required

Wider collaboration within the Transport System

Local government, the private sector, researchers and iwi are also key players in shaping the transport system.

Many parts of the system are outside of government's direct control. For example, in the freight, aviation and maritime sectors, the majority of decisions are made by the private sector. Local government also plays a particularly significant role in regional-level transport investments. Effective, meaningful engagement with stakeholders, is critical to achieving government priorities.

Outside of existing collaboration between government agencies and SOEs, collaboration with other stakeholders in the transport system is critical to realising positive transport outcomes. These stakeholders include:

- **The private sector** plays a significant role in the transport system, as a major employer and significant investor in the transport system. This is particularly the case in the aviation and maritime sectors. The private sector can be a partner in helping to achieve transport outcomes , while also leading innovation in areas such as autonomous vehicles, drones, and 'shared mobility'. Key private sector stakeholders that we would expect you to engage with would include Air New Zealand, Auckland Airport, and the Board of Airline Representatives New Zealand (BARNZ) which represent the airline industry in New Zealand.
- **Iwi and hapū** – Government has responsibilities under Te Tiriti o Waitangi to acknowledge Māori as partners and their status as tangata whenua – the indigenous people of Aotearoa. Effective, meaningful partnership with Māori is key to improving transport and broader social outcomes for Māori, and to ensure the transport system serves all New Zealanders equitably.

  Māori are disproportionately represented in transport statistics such as drink driving, and Māori in regional New Zealand are strongly impacted by investment in infrastructure like roads. Government has a responsibility to improve transport outcomes for all New Zealanders including Māori, while Māori and iwi groups will also have an expectation that they are meaningfully consulted on transport decisions that impact their everyday lives.

  Iwi and hapū also have access to local peoples, connections, and expertise that may otherwise be missing from a Crown and central government perspective in policy development.
- **Non- government organisations,** industry associations, or other groups advocate for the perspectives and interests of particular parts of the sector. This includes groups advocating for particular types of transport (e.g., cycling advocacy groups), neighbourhood groups (e.g., for a public road) and other groups that may be established to support or oppose a specific policy or initiative. Engaging with these groups is a critical aspect of a democratic process and good policy development, as they can bring important perspectives, data and evidence to the policy process, and draw attention to issues that might otherwise be overlooked.

Appendix 1 Emergency Management and search and rescue functions

Emergency Management and search and rescue functions

Emergency Management

The transport system is vulnerable to major natural events and manmade shocks that disrupt services. The Ministry exercises its system stewardship role by being the transport sector lead on resilience and security policy matters with other government agencies such as the Department of Prime Minister and Cabinet (DPMC), the National Emergency Management Agency (NEMA), and the National Security System. The Ministry works closely with the other transport Crown entities to plan for future needs and emergencies so that the transport sector can respond efficiently and effectively to system disruptions or damaged infrastructure.

System planning and preparedness is reviewed during DPMC-led ODESC forums and exercised as part of the NEMA-led all-of-government National Exercise Programme. During significant responses the Ministry will activate and lead the Transport Response Team (TRT), which acts as the sector coordinating entity for transport under the Civil Defence and Emergency Management Act. As a non-operational agency, the Ministry's role is to coordinate the transport sector and ensure a single transport voice is provided to the lead agency for the response and to Ministers.

New Zealand Search and Rescue Council

New Zealand's 30 million km2 Search and Rescue (SAR) region (the world's third largest) extends from the South Pole to the southern border of the Honolulu region, halfway to Australia and Chile, and includes American Samoa, Cook Islands, Niue, Norfolk Island, Samoa, Tokelau and Tonga. Collectively, the SAR sector comprises approximately 11,095 people from a wide variety of public, non-government and commercial organisations of whom around 89 percent are volunteers. During the 2022/23 year, the sector saved 137 lives, rescued 744 people, and assisted a further 1130 people. These actions averted $1.639 billion in social costs to New Zealand.

The New Zealand Search and Rescue (NZSAR) Council, established by Cabinet in 2003 provides strategic governance, leadership to the SAR sector, manages the governments investment into the sector and provides SAR advice to Ministers. The Council consists of the chief executives of departments with SAR responsibilities and includes the Ministry (chair), Maritime NZ (MNZ), the Civil Aviation Authority, the Department of Conservation, the NZ Police, the New Zealand Defence Force, Fire and Emergency NZ, and a non-government independent member.

The Ministry receives funding for and hosts the NZSAR Secretariat. Either the NZ Police or the Rescue Coordination Centre NZ (which is an operating group within MNZ) coordinates SAR operations. The responsible coordinating authority will request the use of SAR assets depending on the requirements of the operation. A wide variety of organisations may participate in SAR operations, including the Department of Conservation, NZ Land Search and Rescue, Coastguard NZ, Surf Life Saving NZ, rescue helicopters, the NZ Police, commercial vessels, Defence and a variety of smaller organisations or assets including members of the public.

The SAR sector's revenue comes from a variety of sources, including Crown funding through Vote Transport, Vote Police, Vote Conservation, and Vote Defence, and hypothecated funding collected under the LMTA (which recognises FED paid by recreational boat users). Commercial sponsorship, local fundraising, community grants, class 4 gaming (including gaming machines from pubs and clubs) and the Lotteries Grants Board also provide funding to the wider search and rescue and recreational safety sectors.

Ministers of Transport and Finance are empowered under the LTMA to allocate FED funding for SAR purposes. The NZSAR Council (on behalf of the Ministry) administers approximately $21.8 million per annum of FED investment into SAR sector agencies. The NZSAR Council (on behalf of the Ministry) also administers the government's investment of $15.1 million per annum into frontline water safety rescue and prevention services (Coastguard NZ and Surf Life Saving NZ).

Appendix 2 Cross system collaboration

Maritime Security

You are the lead minister for Maritime Security and the Ministry is the lead agency for maritime security policy. The Ministry chairs the Maritime Security Oversight Committee (MSOC) which is responsible for oversight of New Zealand's maritime security and comprises the lead 11 maritime security agencies. MSOC developed a Maritime Security Strategy (endorsed by Cabinet in 2019) in response to multiple, increasing security pressures.

There are 12 core national security issues within the National Security Strategy with each issue assigned a Strategic Coordination Agency. The Ministry performs that role for maritime security so sits on the National Security Board where is it also able to represent other national security issues such as transport security and the supply chain.

Border Executive Board

The Border Executive Board (BEB) is an interdepartmental executive board that has six member agencies – New Zealand Customs Service (chair), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Manatū Hauora Ministry of Health, and Te Manatū Waka Ministry of Transport. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination, and improvement activity.

Climate Change Chief Executives Board

New Zealand has international commitments under the Paris Agreement, and a domestic legislative framework (under the Climate Change Response Act 2002) that commits the government to ambitious emissions reduction targets and to improving our resilience and ability to adapt to the effects of climate change. The Climate Change Chief Executives Board (the Board) was legally established in July 2022 as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to align and co-ordinate cross-department climate change action. The Board comprises of eight Chief Executives, is chaired by the Secretary for the Environment, and it is responsible to the Prime Minister for its operations. The Ministry of Transport's Chief Executive serves on the Board to drive collaboration with other key departments alongside delivering on your transport portfolio commitments.

While the Board is responsible for overseeing the delivery of the first ERP and NAP as a whole, Te Manatū Waka remains accountable for the delivery of actions within your portfolio/s.

For more information on the Board and its work, please refer to the Climate Change Chief Executives Board BIM.

Appendix 3 Summary of agencies, state owned enterprises, and their functions

Agency/SOE	Key Functions
Te Manatū Waka Ministry of Transport	The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and also on funding and governance of the transport Crown entities. The Ministry plays key functions under five key levers (previously detailed).
Waka Kotahi	Waka Kotahi is a Crown entity primarily governed by the Land Transport Management Act 2003 (LTMA) and Crown Entities Act 2004. Waka Kotahi's functions include investing in, and managing most aspects of the land transport network, including rail. Waka Kotahi has a set of statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and exercises enforcement powers. Waka Kotahi has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing, and certification and revenue collection.
Civil Aviation Authority (CAA)	CAA is a Crown entity primarily governed under the Civil Aviation Act 2023 and Crown Entities Act 2004. Led by the Director of Civil Aviation, the Authority has two functional divisions: Civil Aviation Authority performs safety and security regulatory functions, and Aviation Security Service (Avsec) delivers aviation security services at New Zealand's six security designated airports.
Maritime New Zealand (MNZ)	MNZ is a Crown entity established under the Maritime Transport Act 1994. It is responsible for promoting a safe, secure, clean and sustainable maritime environment for all commercial and recreational activities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people. The Agency has both a domestic and international focus.
Transport Accident Investigation Commission (TAIC)	TAIC is an independent Crown entity, and acts as a standing commission of inquiry. The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the future, rather than to ascribe blame. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers.
City Rail Link Limited	City Rail Link Limited is listed as a company under Schedule 4A of the Public Finance Act. It was established in 2017 by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL) project. The Crown and Auckland Council jointly own City Rail Link Limited (with a 51/49 percent shareholding respectively). You are jointly responsible, with the Minister of Finance, for the Crown's interest in City Rail Link Limited (as shareholding Ministers). Board appointments require joint agreement from the Crown and Auckland Council. The Board operates independently to shareholding Ministers and Auckland Council, in accordance with the Project Delivery Agreement. The Project Delivery Agreement is a contractual agreement between the Crown, Council and City Rail Link Limited that sets out the terms for City Rail Link Limited to manage the delivery of the CRL project on behalf of the Crown and Council, as joint Sponsors of the project.

Agency/SOE	Key Functions
Auckland Light Rail Limited	Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004 to deliver a Detailed Business Case (DBC) by mid 2024 for the Crown to make a final investment decision on a light rail route from the Auckland city centre to Auckland Airport. The ALR project includes urban development and integration with other transport initiatives and systems, such as the Additional Waitematā Harbour Crossing, You are jointly responsible for ALRL along with the Minister of Finance and the Minister of Housing with each Minister having a 1/3 share in ALRL. In addition, Auckland Council and Manu Whenau representatives are joint sponsors along with the Crown. The Board operates independently at arm's length to shareholding Ministers and Sponsors in accordance with the Project Planning and Funding Agreement (PPFA). The PPFA is a contractual agreement between the Crown, Council and ALRL that sets out the terms for ALRL to manage the delivery of the Auckland Light Rail project.
KiwiRail	KiwiRail is a commercially focused and vertically integrated SOE, responsible for operating freight and tourism passenger services on 3,700 kilometres of rail network and three inter-island ferries. KiwiRail owns, maintains and upgrades the national rail network and associated infrastructure, including the rail networks used by Auckland and Wellington passenger rail services. KiwiRail will also be responsible for operating Te Huia (Hamilton to Auckland start-up service), once it is operational. Auckland Transport (AT) and Greater Wellington Regional Council (GWRC) are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots. KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive.
Meteorological Service of New Zealand Ltd (MetService)	The core purpose of MetService is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making. MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the State Highway network and other major roads.
Airways Corporation of New Zealand Ltd (Airways)	Airways is a commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions. Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region. Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invest in new technology that enhances safety and delivers real economic and environmental benefits for customers and the public. As an ANSP, Airways is regulated by CAA and provides its service in line with Civil Aviation Rules and international standards.

Briefing to the Incoming Minister (System)

Your guide to the Transport system

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Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

He pepa whakamōhiotanga mō te Minita |Briefing to the Incoming Minister

Te Manatū Waka Ministry of Transport

Your Guide to the Transport System
2023

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Introduction

Tēnā koe Minister and congratulations on your appointment as Minister of Transport.

Transport plays a pivotal role in providing liveable cities and thriving regions. It gives people access to family and whānau, places of learning and employment, and supports their participation in society. Transport contributes to the economic prosperity of rural communities, towns and cities, and connects Aotearoa New Zealand economically and culturally with the rest of the world. It shapes land use, urban form, and street-level interactions.

Transport also affects our health by influencing how people and goods travel, how physically active we are, and how safe it is to journey between places. It affects the quality of our environment including air and water quality, biodiversity gains or losses, and global greenhouse gas emissions.

Many organisations, both public and private, are responsible for planning, designing, building, and providing services within the transport system. These organisations operate within a web of laws, rules, processes and funding mechanisms. The transport system is dynamic, needing to constantly adapt and change in the face of public expectations and external influences.

You and the Government will want transport to support your specific transport priorities, as well as your broader priorities such as how we grow our economy, reduce emissions, and address pressures in our cities.

For example, the Ministry and the wider transport system are playing a key role as Aotearoa New Zealand works to recover from the effects and devastation of extreme weather events, such Cyclone Gabrielle. A focus on rebuilding transport infrastructure and ensuring that our system is resilient in the face of the impacts of climate change is a critical priority. Additionally, increasing climate resilience includes reducing transport emissions to support Aotearoa New Zealand reaching net zero carbon emissions by 2050.

The transport system we have today has been shaped over many decades, and decisions made in the past have determined the options that are available to people today. Achieving meaningful change in such a large and complex system takes time, but the decisions that you make over your term as Minister will shape the system well into the future.

This briefing sets out how you can give effect to your priorities and influence the longer term direction of transport as a system. These choices, about how you match your priorities with interventions, will offer many opportunities as well as challenges.

To help you to utilise these opportunities and resolve the challenges, we have outlined the levers available to you for influencing the transport system. This briefing also describes the roles and responsibilities of the government transport agencies, state-owned enterprises and some of the other stakeholders you will work with. This briefing is complementary, and should be read in conjunction with, the strategic BIM.

In our role as system lead, we look forward to giving you the advice, support and the rigorous evidence needed to put your priorities in place.

Nāku noa, nā

Audrey Sonerson

Secretary for Transport

A snapshot of your portfolio

Inclusive Access
Enabling all people to participate in society through access to social and economic opportunities, such as work, education and healthcare

16% of jobs are accessible by public transport compared to 47% of jobs accessible by car within 45 minutes during weekday morning peak (2021/22)

25.8% of people in Auckland, 15.8% of people in Wellington and 23.6% of people in Christchurch have access to frequent public transport services. (2021/22

Healthy and Safe People
Protecting people from transport-related injuries and harmful pollution, and making active travel an attractive option

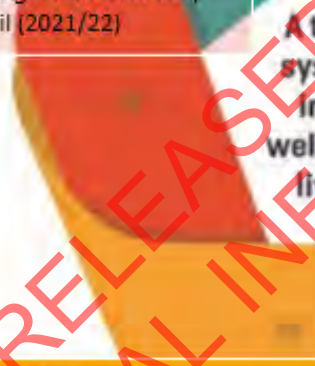
Transport (largely diesel vehicles) is responsible two thirds of the harm caused by air pollution. This causes:
- >2,200 premature deaths for adult New Zealanders
- >9,200 hospital admissions for respiratory and cardiac illnesses
- >13,200 cases of childhood asthma
- social costs of $10.5 billion

Fatalities (2022)
Road: 377 deaths
Rail: 10 deaths
Maritime: 18 recreational deaths, 12 commercial

Economic Prosperity
Supporting economic activity via local, regional and international connections, with efficient movement of people and freight

87.6% of freight trains arriving on time (within 30 minutes) (2021/22):

87% of domestic freight was moved by road and 13% by rail (2021/22)



Environmental Sustainability
Transitioning to net-zero carbon emissions and maintain or improving biodiversity, water quality, and air quality

Transport accounted for 17.3% of total gross domestic GHG emissions

Road emissions made up 91.3% of total transport emissions

Transport CO2 emissions are from:
- 45% Light passenger vehicles
- 27% Heavy vehicles
- 17% light commercial vehicles

Resilience and Security
Minimising and managing risks from natural and human-made hazards, anticipating and adapting to emerging trends, and recovering effectively from disruptive events

Out of the total 3,997km of key social and economic corridors across the country, 42% (1,669.5km) have viable alternative routes. The result is lower in the South Island compared with the North Island. (2021/22)

Infrastructure assets

11,201km state highways
86,152km local roads

Xxkm Dedicated bus lanes
4,563km track in rail network

Xxkm separated cycleways
Xxkm footpaths

Vehicle Fleet
There are over 4.5 million vehicles in the fleet, equating to 889 vehicles per 1000 people, or xx vehicles per 1000 full driver licences

75% of fleet is light passenger vehicles
- 96% are fossil fuel powered
- 3% are hybrid or plug-in hybrid
- 1% are electric

16% of fleet is light commercial vehicles
4% of fleet is heavy vehicles

A SNAPSHOT OF YOUR PORTFOLIO

Shaping our transport system

The Transport Portfolio

Forming over generations, the transport system is a significant part of our social and economic infrastructure, providing the links that help establish and sustain our economy and society.

Transport also has deep connections with other systems. As Minister, you are also responsible for making sure the transport system supports the aspirations of small communities, rural communities, towns and cities, and regions.

Transport is a delivery arm of many broader government strategies, and a number of key government priorities will not be achieved unless transport plays its part: reaching New Zealand's emissions targets; growing the economy and connecting to markets; and enabling economic and social mobility in our towns and cities. Transport cannot achieve these priorities by itself, but its absence can slow or prevent their delivery.

Your role as Minister is to set priorities for investment through the GPS, set expectations for our entities and appoint Board members. You will make policy decisions that will direct and influence actors in the system, which provide choices to transport users.

In doing so, it is important to recognise that each part of the system operates differently. For example, while government funds and delivers most of the land transport infrastructure, much of the aviation and maritime sector is delivered by the private sector.

The different parts of the transport system

The transport system includes

- vehicles that move people and products
- physical infrastructure (e.g., airports and seaports, the rail network, roads, busways, and cycleways)
- digital infrastructure (e.g., satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- transport services (e.g., public transport, bike- sharing, ride-sharing)
- institutions and regulatory systems that influence how the transport system functions and develops (e.g., through their structures, management practices, rules, policies, and funding/investment tools).

Central government is heavily involved in this system as a planner, funder, partner, enforcer, and regulator. In your day-to-day work, you will be closely interacting with transport sector agencies.

Te Manatū Waka Ministry of Transport (the Ministry) is a government department, while Waka Kotahi NZ Transport Agency (Waka Kotahi), the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) and the Transport Accident Investigation Commission (TAIC) are transport agencies, with TAIC as an independent Crown entity.

There are three state-owned enterprises (SOEs): KiwiRail, Airways Corporation of New Zealand Ltd (Airways), and Meteorological Services of New Zealand Ltd (MetService).

Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004. Additionally, City Rail Link Limited is the sole company under Schedule 4A of the Public Finance Act, jointly established by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL).

You have different roles and responsibilities in relation to each of these agencies.

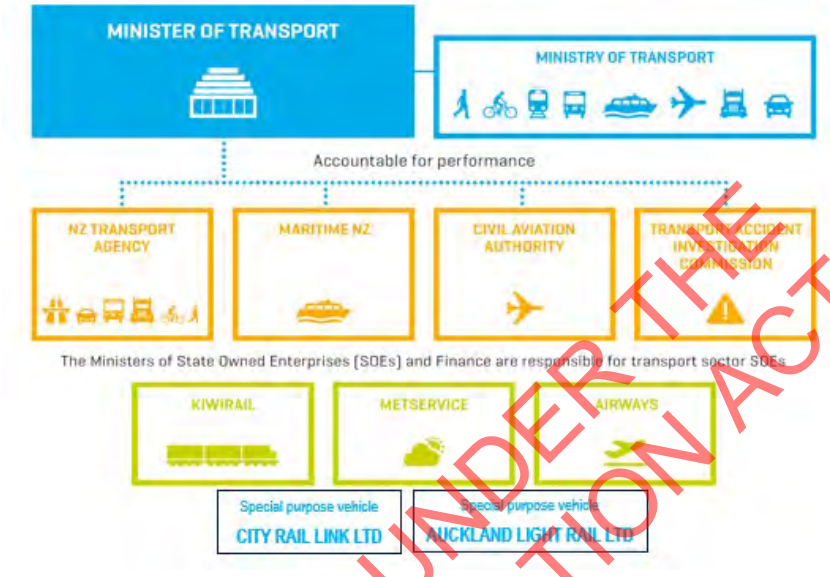


Figure 1 Relationship between you, the Ministry, SOEs and agencies

Appendix XX "Transport sector agencies and SOEs" page XX provides a detailed explanation on the different types of organisations in the transport system.

The Transport Outcomes Framework

The Ministry developed the Transport Outcomes Framework (the Framework) in 2018 to help the Minister of Transport and Government set priorities for the system and measure progress. The Framework has five inter related outcomes and is closely aligned with the Treasury's Living Standards Framework. The Framework is used by all the transport entities. It is a powerful tool for alignment, role clarity and accountability.

The Framework is not a strategy, and it is not intended to set the priorities for the system. Instead, the Framework is intended to help you articulate your priorities so they can be delivered in a joined-up way across the system, with a consistent approach to assessing the effectiveness of policy proposals and delivery. The Framework helps to understand transport's many areas of influence across society and the economy, and to be more explicit about the trade-offs between the outcomes that are sometimes required.

Because the outcomes are inter-related, they need to be met through a range of interventions. Different Governments can place differing emphasis across the outcomes and there is no single 'right' approach. The Framework also signals the need to balance the present needs and priorities with those of the future.

To support the Framework, the Ministry – with input from sector stakeholders – developed a set of quantitative indicators to track transport's contribution to wellbeing and liveability through the five outcomes over time. The indicators provide high-level insights to the performance of the transport system and help to inform decisions and policy across government.

Because the Framework has been in place since 2018, the Ministry is conducting a review of some aspects of it, but the outcomes are well established and supported by stakeholders across the system and will remain in place.

Figure 2 The Transport Outcomes Framework

Measuring progress and using evidence

Good decision making requires robust and objective evidence. There is a range of data and evidence available to inform your decisions. The Ministry, the transport agencies, and SOEs have access, and the ability to analyse, numerous datasets, including vehicle fleet statistics and emissions data, and the Freight Information Gathering System. This enables agencies to offer evidence-based insight into trends, future projections and possible impacts on policy decisions.

We can help you better understand the consequences of your decisions, from modelling the impacts, to monitoring and evaluating the effectiveness of policies and investment in infrastructure. The Ministry has recently developed a **National Transport Model (Monty).** This agent-activity based microsimulation model can simulate how people interact with the transport system to understand the behavioural impacts of an intervention (e.g., policy and/or investment) and its effect on transport outcomes, (e.g., accessibility, travel time, emissions). It can also identify how impacts from intervention could be distributed, such as across population characteristics or locations.

The **Ministry's Transport Sector Monitoring Framework** provides a consistent approach to monitor the progress of interventions to help understand whether the right outputs are delivered efficiently and economically to deliver the desired outcomes and impacts effectively.

The **Transport Evidence Base Strategy (TEBS)** and the **Decarbonising Transport Research Strategy (DTRS)** set out the paths to ensure the transport sector has the right data, information, research and evaluation to support policy decisions, including the delivery of the Emissions Reduction Programme. The DTRS implementation plan identifies gaps in our knowledge in decarbonising transport and the research that can be used to fill these gaps over the next 3-5 years. Implementation of the TEBS and the DTRS is the responsibility of your transport agencies and SOEs, working alongside local government and other stakeholders.

Five transport levers

As Minister, you have a range of levers to influence the transport system. There are differences in the way that the various levers are exercised for each mode, and each mode has its own regulatory model. Our advice to you will focus on how you can make use of five key levers.

The five levers are:

- **Investment and revenue** – Investing in the transport system from dedicated and general funding sources to create capacity, enhance or maintain existing infrastructure and services, and influence choices by providing alternative travel options.
- **Economic and educational tools** – Using economic incentives, such as congestion pricing, in combination with soft measures like information campaigns, to drive behaviour change
- **Regulation** – Influencing behaviour, and providing the legal frameworks that enable the system to operate effectively
- **Crown monitoring, assurance, and oversight** – Appointing Board members to the transport agencies, setting their expectations and monitoring their performance
- **Influencing the international environment** – Influencing international rules and treaties that affect New Zealand

More information on each of the levers can be found on page xx.

Delivering your priorities

As the 'transport system steward', the Ministry can help to embed your priorities and connect them with whole of government priorities and advises you on how to use the available levers to achieve your medium to longer term goals. This includes developing a coherent strategic view of the longer-term needs for the transport system. Additionally, medium term-strategies that use a package of interventions to address specific issues may be developed, for example:

- to respond to a sustained high level of deaths and serious injuries on NZ roads, the **Road to Zero** strategy has been developed, which aims to reduce road user death and serious injuries by 40% by 2030

- to respond to the challenges within our supply chain system, the **Aotearoa New Zealand Freight and Supply Chain Strategy** has been developed to provide a long-term strategic direction for a more productive and resilient system.
- In addition, new planning tools have been put in place to establish a medium to long-term direction for the rail network. The **New Zealand Rail Plan** sets out a strategic objective to return New Zealand's rail network to a resilient and reliable state. Rail is an essential mode of transport for certain commodities. It is important to the productivity of our port network, with our major ports in Tauranga, Auckland, and Christchurch particularly dependent on rail connections. The Rail Plan reflects the long-term nature of rail as an asset, and the need to co-ordinate investment across several agencies and sources. The Rail Plan is not a statutory document.

There are also several short-term transport sector delivery plans, many of which are governed by Acts of Parliament and are key components of the transport planning and funding system. For example:

- the **Government Policy Statement on Land Transport (GPS)**, where you set Waka Kotahi's investment and planning priorities every six years, with a review at three (this is covered in more detail under 'Investment and Revenue as a lever' on page XX).
- the programme of road policing activities that you approve under the LTMA for funding every three years (i.e., the Road Safety Partnership Programme).
- the **Rail Network Investment Programme** produced by KiwiRail under the LTMA that you approve for funding every three years. The Rail Network Investment Programme has brought greater resilience and reliability to rail freight services.

Transport's role within the wider system

There are other important levers that transport do not 'own', but there are actions that can be taken to influence these. For example, land use is an important lever that requires cross-system collaboration and agreement. If we want public transport to be well used, this can be supported by land use zoning in areas to enable higher density development.

Given its role as a key enabler of social and economic connections, the transport system intersects with a wide range of other systems at the local, national and global levels. Figure 2 below illustrates some of the key relationships with the transport system. This underlines the need to coordinate and recognise the impacts that decisions in transport may have on other sectors.

Notes

1 Key groupings

2 * Secretary for Transport attends ODESC as required

Figure 3 Transport's role within the wider system

Appendix 2 includes further detail on key areas where a coordinated response and decisions are required, including maritime security, border security and climate response.

The five transport levers

Investment and revenue

Investing in transport infrastructure should be a priority for this Government. Revenue is needed to keep on top of network maintenance loading and to close the infrastructure gap. We need to create a more productive and resilient network and use the available investment and revenue levers to drive economic growth, boost incomes, and unlock developable land.

Internationally, methods of funding transport investment range from generating tax revenues and collecting fees from users, to imposing a cost on a wider group of beneficiaries, beyond the particular users. In New Zealand, core central Government investment for transport is from tax revenues and fees collected from road users. This is then dedicated, or hypothecated, to the National Land Transport Fund (NLTF). The NLTF is then re-invested for road and road-related expenses rather than going into general Government accounts.

There is a growing gap between land transport revenue and investment. The Ministry is working on the delivery of a more certain and sustainable land transport revenue system. Complimenting this is a review of the investment system that aims to improve the planning and implementation of transport investments and initiatives.

The GPS allows you to guide investment from the NLTF

The GPS is the Government's strategy for investing in the land transport system. It outlines what the Government wants to achieve in land transport, and how it expects funding to be allocated from the National Land Transport Fund (NLTF) across different types of activities (for example road maintenance, public transport, walking and cycling)

Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every three years. There are typically three main components to the GPS:

1 Strategic Priorities

2 Investment in land transport

3 The statement of Ministerial expectations.

The GPS can be used both to maintain a level of service and drive change on the land transport network. This is done through establishing funding ranges for activity classes, such as road maintenance, road infrastructure, rail, walking and cycling infrastructure, coastal shipping, and public transport. It can also identify the role of other sources of funding, for example Crown funding.

It includes a 10-year financial forecast based on assumptions about how much revenue will be collected from expected vehicle use. The GPS is implemented by Waka Kotahi through its NLTP, which sets out a three-year programme of land transport investments. The GPS is government's primary lever to guide expenditure from the NLTF.

You set priorities; Waka Kotahi makes project-level decisions

While you can use the GPS to indicate what types of transport activities you want delivered, you cannot specify what individual projects are funded using hypothecated NLTF revenue.

The LTMA gives Waka Kotahi statutory independence to select projects for the NLTP. However, the GPS can set an expectation for Waka Kotahi to consider government programmes when allocating funding through the NLTP. For example, Waka Kotahi must consider the Auckland Transport Alignment Project when making decisions under the current GPS.

To help it plan for the medium to long term and to support regional planning, Waka Kotahi has developed *Arataki* which is a shared sector view of transport system needs in the next 30 years.

The GPS plays a key role in influencing local government to set its priorities for investment

Engaging with local government as each GPS is prepared ensures that Government's priorities and local governments' objectives are aligned as much as possible.

The GPS helps to incentivise local government investment in land transport by setting priorities and highlighting Government objectives. Each local authority puts forward projects to align with the priorities of the GPS to qualify for funding assistance. The amount of funds allocated to local government activities from the NLTF are determined by funding assistance rates (FARs) that Waka Kotahi sets.

Under the LTMA the GPS must be replaced every 6 years, though you can choose how often you set GPS priorities. All previous Transport Ministers have chosen to release a new GPS every three years. Doing this can be necessary if Government priorities change, but this also limits Waka Kotahi's and local government's ability to plan with certainty

The NLTF is mainly funded by motor vehicle users

The NLTF collects about $4.2 billion / year and is administered by Waka Kotahi. Its main sources of revenue for the NLTF are:

- Fuel Excise Duty (FED) which is tax applied at a rate of 70c/l to petrol and 10.4c/l to LPG and makes up about 50 percent of the NLTF revenue;
- Road User Charges (RUC) which is a distance-based charge applied to diesel vehicles and heavy vehicles over 3.5 tonnes. Different RUC rates are applied to vehicle classes depending on weight and axle configuration and range from $76 to over $1,000 per 1000 km travelled. RUC makes up about for 45% of NLTF revenue; and
- Motor vehicle registration and annual licensing fees which make up about 5% of NLTF revenue.

Revenue from the fund is invested in state highways, the rail network, local roads, road policing, walking and cycling, and public transport. Local government matches the $1 billion contribution from the NLTF with another $1 billion per year of its own funding.

The diagram below illustrates the funding flows in and out of the NLTF.

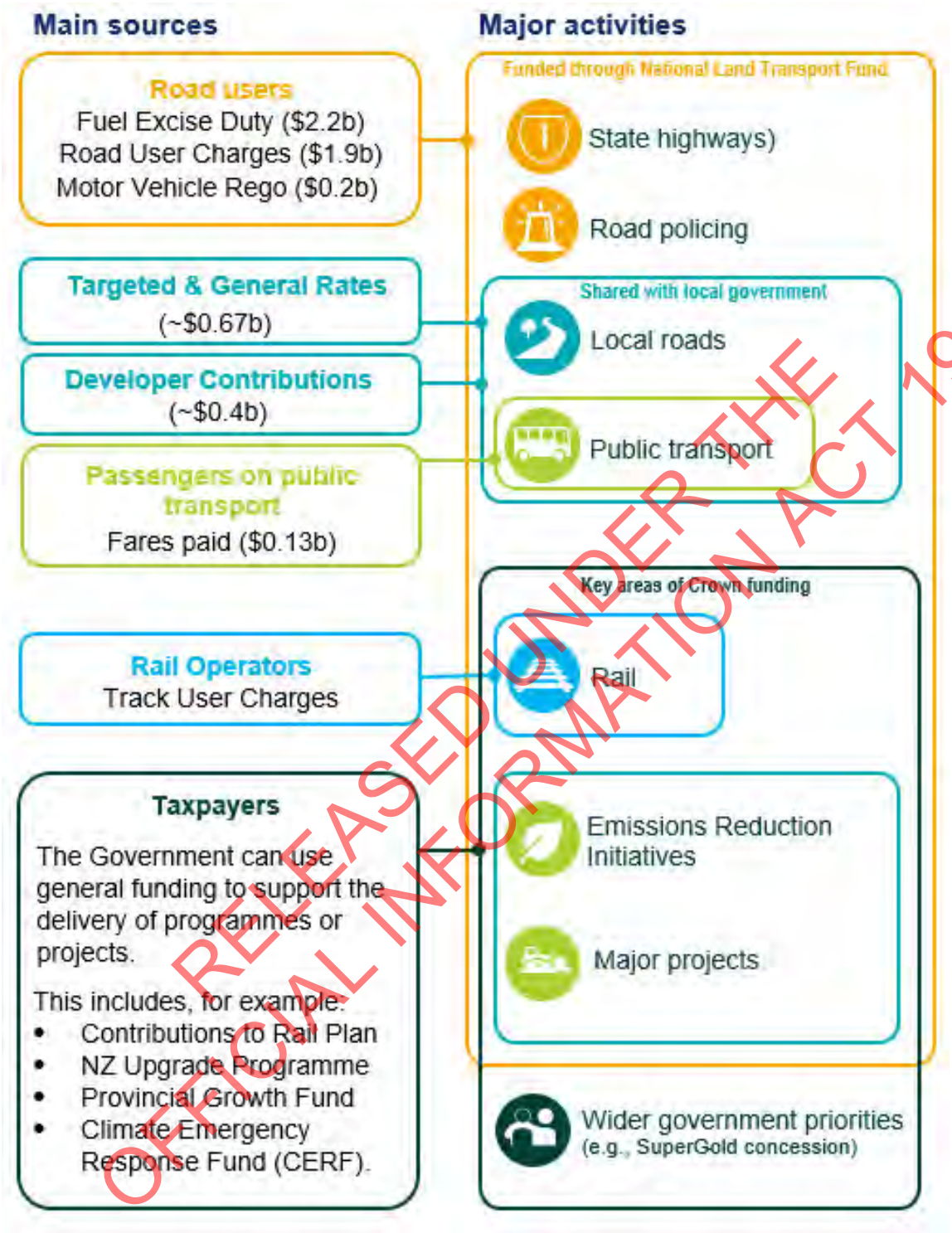


Figure 4 Indicative funding flows in land transport

Under Section 9 of the LTMA, you and the Minister of Finance can agree to use a portion of FED for activities related to search and rescue, boating safety, Waka Kotahi's regulatory functions and the Ministry's associated monitoring functions.

You can adjust the rate of charges and duties for the NLTF to meet your priorities

Changes to FED, RUC, and other transport charges directly affect the budgets of businesses and households across New Zealand. It is good practice to conduct public engagement on planned rate changes. For FED and RUC, this is usually done through engagement on the draft GPS.

RUC rates are set through the RUC Rates Regulations 2015 and changes must be confirmed by Parliament. FED is generally set through amendments to the Customs and Excise Act 2018 and, sometimes, by an Order in Council. Parliament has this role because FED and RUC are taxes. The portion of the motor vehicle licensing fee that goes to the NLTF has not changed since 1992. This fee can be amended through the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011.

The Ministry is required to provide updated forecasts of NLTF revenue at each Government economic and fiscal update (six-monthly intervals). These forecasts are an opportunity to identify and respond to immediate revenue pressures. The figure below is the forecast run for the Pre-election Economic and Fiscal Update 2023. It shows NLTF revenue has been rising, primarily due to increased travel and increases in FED and RUC rates. Revenue from FED will become less certain and unstable over time as vehicles become more fuel efficient and people increasingly choose to travel by other modes.

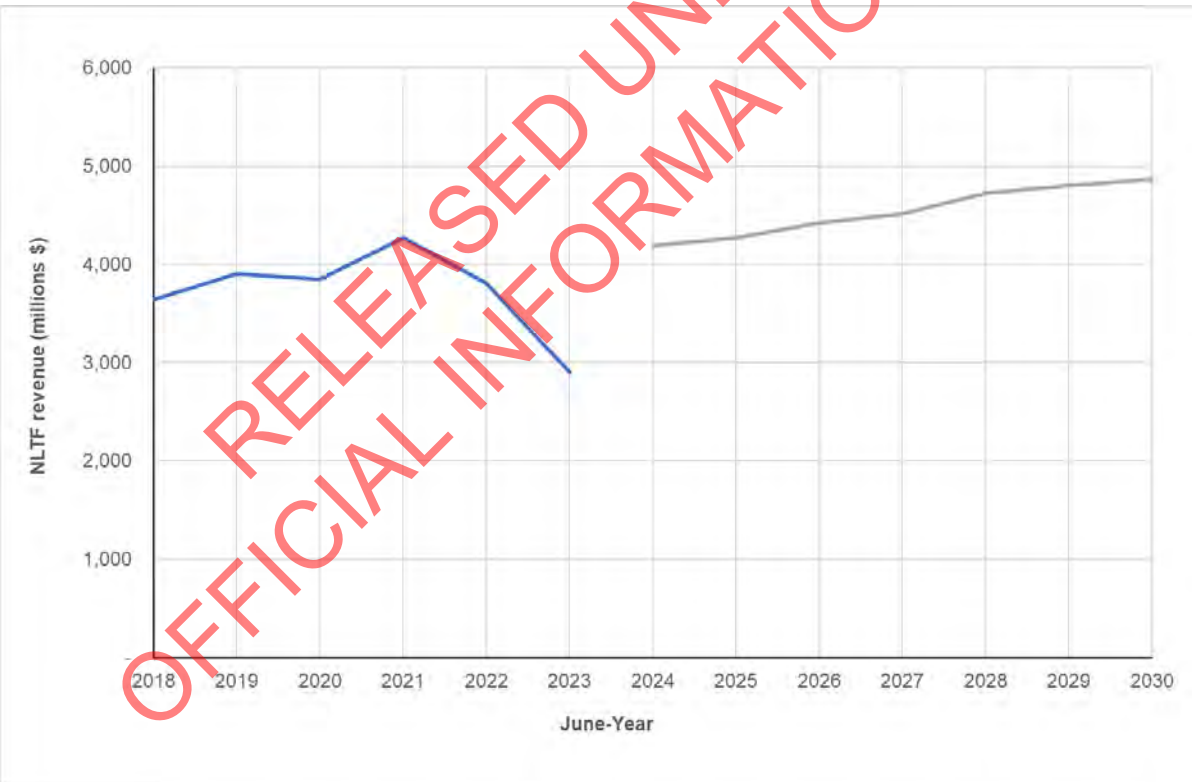


Figure 5 Actual and forecasted NLTF revenue, as reported in the Pre-Election Fiscal Update 2023

The decrease in revenue from 2022-2023 is due to the previous Government's cost-of- living package - which provided a 36 percent reduction in RUC and 25 cent per litre reduction in FED.

Foregone revenue from the package was backfilled from a $1.9 billion Crown appropriation so that Waka Kotahi had sufficient funds to meet the expenditure range set out in the NLTP 2021.

Tolling can contribute to the cost of building and maintaining new roads

Road Controlling Authorities (RCAs) can submit tolling proposals to the Government to toll a new road using the powers set out in LTMA.

You are the key decision maker and responsible for recommending to the Governor General that a road is tolled under the LTMA. The LTMA contains statutory criteria for establishing a toll, including the limitation that the powers can only be used for new roads and there must be a feasible free alternative route. If Government agrees to toll a road, a tolling order is established by an Order in Council.

As system lead and statutory advisor for transport, the Ministry will provide advice on tolling proposals, liaise with the RCAs, and advise on the legislative process to establish a tolling order.

The three existing toll roads - Northern Gateway, Tauranga Eastern Link and Takitimu Drive - are State highways and have Tolling Orders under the LTMA. The last Government also approved tolling Penlink, which is scheduled to open by late 2026[1]. In 2021/22, the total tolling revenue rasied was $31.8m - with $10m going to collection costs and $21.9m to repay debt[2].

Rail funding comes from the NLTF

National rail network maintenance and renewals investment is funded through the NLTF, as part of the Rail Network activity class. KiwiRail is required to prepare a Rail Network Investment Programme (RNIP) every three years, and you are responsible, as Minister for Transport, for approving KiwiRail's RNIP.

KiwiRail's freight business also pays a track user charge (TUC) to the NLTF, to ensuring that the main beneficiary of NLTF funding contributes in a fair and transparent way to the NLTF.

Capital investment in the national rail network continues to be funded by the Crown, as part of the annual Budget process.

Transport regulatory agencies are primarily funded from fees, charges, and levies

As Minister, you have responsibility for seeking Cabinet's agreement to the rates at which fees, charges, and levies are set. These are critical decisions because they determine the resourcing available to the transport agencies to deliver their regulatory responsibilities.

CAA oversees aviation safety, the civil aviation rules, and the Aviation Security Service as a separate division. CAA's levies, fees and charges are collected from passengers and participants in the aviation sector, including airlines and other aviation businesses. CAA receives some Crown funding for activities, such as policy advice, international engagement and assistance to Pacific Island countries on aviation safety.

[1] https://www.nzta.govt.nz/projects/penlink/

[2] https://www.nzta.govt.nz/assets/resources/annual-report-nzta/2021-22/waka-kotahi-annual-report-2021-22.pdf

Like CAA, MNZ covers the costs of its regulatory and operational functions from fees, charges and levies. Crown funding is provided for activities, such as policy advice, international engagement, and maritime security. MNZ's levies and fees are collected from participants in the maritime sector, such as the maritime levy from commercial ship operators, and the oil pollution levy from offshore oil installations. MNZ also receives funding for specific activities, including recreational boating safety and search and rescue coordination, from FED. Under the LTMA, you and the Minister of Finance decide the level of funding from the FED allocated to MNZ.

Waka Kotahi also funds its regulatory function through fees, levies, and charges. However, Waka Kotahi's investment function is separately funded through the NLTF (as previously described).

The impacts of COVID-19 have reduced third party revenue for the transport agencies and SOEs, in some cases severely. The Ministry will provide you with early advice on the funding and financing of transport agencies.

Crown funds can supplement transport revenue and be used to purchase specific projects or programmes

Not all of the investment needed in the transport sector can be met from the NLTF. Increasingly the Crown has made direct investments in specific activities in the transport system.

The annual budget process led by the Minister of Finance is another opportunity for Crown funds to supplement the NLTF. Budget is usually done through an annual assessment process running between October and April. However, ad-hoc investments can also be made using Crown funds with Cabinet's agreement.

Crown funding can be used to bring forward land transport investment, or to invest in broader priorities through the transport system. This includes investment that:

- would usually qualify for investment through the GPS, but has not gone ahead due to constraints on the NLTF, for example, projects in the New Zealand Upgrade Programme or
- has broader objectives than the GPS priorities that make it worth progressing, for example, recent investments in 'shovel-ready' transport projects were designed to create economic stimulus.

Unlike investment from the NLTF where the Waka Kotahi Board has an independent role in overseeing and monitoring expenditure, ministers are accountable for activities funded by the Crown directly and retain decision making rights when changes are needed to the budget, scope or timeframes for these projects,. While bodies like Waka Kotahi or KiwiRail may deliver Crown-funded activities and investment programmes, the Crown usually establishes additional oversight arrangements for any projects or programmes with Crown funding. These arrangements are to assure accountable Ministers that their intended outcomes are being achieved.

Economic and education instruments

You can use travel demand management tools to drive behaviour change within the transport system

Economic instruments can help to better inform people of the impacts of their travel choices by putting a price on those impacts. The price of transport can reflect the direct costs of using the network, the indirect costs and externalities (such as emissions), or it can be set relative to other

modes to influence the use of one mode over another. Pricing can be used to encourage more efficient use of the network, for example congestion charging can encourage people to travel at different times and can reduce congestion. It can also result in better utilisation of networks, and defer the need for additional capacity to be built.

Examples of economic instruments that can be used by local government to drive travel choices and decisions include:

- differential charging of public transport e.g., reduced off-peak fares
- subsidised public transport fares
- congestion charging
- parking fees.

Educational instruments are used in road safety and can help to nudge people to make better travel decisions by communicating or consolidating information about their travel choices. Examples of educational instruments to influence travel choices and decisions include travel planning, social media marketing, information provision, mass media campaigns.

The greatest benefits come from combining economic and educational instruments with complimentary measures, such as infrastructure provision and legislative changes. In doing so, these measures can help achieve the outcomes you want to see in the transport system, such as reduced congestion, reduced emissions and better health outcomes in a more efficient way.

There are opportunities to use transport charges to influence travel choices and decisions

The use of other economic instruments can be an effective way to manage network demand. Existing transport charges, and the level at which they are set, affect the behaviour of users. However, there are limitations. For example, they are not related to time-of-day or location of use.

Internationally, there are examples of economic instruments (e.g., congestion charging) being used in the transport system to achieve broad outcomes (including reduced congestion, improved air quality, and greater uptake of active modes and public transport). This can encourage some people to travel at different times, to travel by public transport, by active modes such as walking and cycling, or not at all (such as by remote working), rather than travelling by private car

The primary objective of congestion charging is to improve network efficiency, not to raise additional funds from road users. While congestion charging does raise some revenue, and successful international schemes have used this to invest in transport projects, it should not be relied upon as a source of revenue. The Strategic BIM discusses the need to review the existing revenue system including the potential use of congestion charging in cities.

Regulation

You have a range of tools in the transport regulatory system to deliver durable transport outcomes

The transport regulatory system helps protect New Zealanders from harm and achieve other transport outcomes. The system is comprised of laws made by Parliament (primary legislation) and second order regulations, rules and instruments that those laws allow (secondary legislation).

Legislation, however, is only part of the picture. Transport Crown entities, as well as the Ministry, need to deliver services, educate and inform and make sure that people follow the legal requirements. The regulatory system works together to shape people's choices.

Through the transport regulatory system, you are able to deliver your priorities through the licensing, certification and regulation of people, organisations, and vehicles. At an individual level, regulatory and enforcement powers are exercised by the transport agencies (through the actions taken by the Director in each of these agencies). The regulatory system also establishes the mechanisms used to gather revenue, invest in land transport infrastructure and public transport, and fund transport Crown entities through third party fees and charges.

You have responsibility for a variety of legal instruments

Legislation forms the core of the transport regulatory system comprising primary legislation, secondary legislation, and local government bylaws[3].

You are responsible for 20 transport Acts which set out:

- the roles and functions of the Ministry, transport agencies, and state-owned enterprises (SOEs) (like KiwiRail)
- the planning and funding arrangements for land transport
- the roles and powers of local authorities and road controlling authorities
- licensing and certification arrangements for transport system participants, vehicles and technology
- the requirements for making transport regulations and rules
- compliance tools to promote adherence to safety, security and environmental requirements across transport modes.

You are responsible for the passage of primary transport legislation through Parliament, supported by the Ministry.

Transport rules contain detailed standards, requirements and procedures that govern transport activities

Transport rules are the most common form of delegated legislation for transport. Rules contain detailed technical standards, requirements, and procedures governing the construction, maintenance, licensing, certification and operation of transport activities within modes. You are empowered under primary legislation to make these rules through delegated responsibilities. You are expected to advise Cabinet that you intend to make a rule if there would be wide-ranging impacts. There is an expedited rule making process where urgent changes can be made by Order in Council. The transport Crown entities develop the majority of transport rules with the Ministry's involvement, but the Ministry leads policy development on significant Rules.

Regulations set out associated offences and penalties, fees, and charges

Transport regulations mainly set out the associated rule-related offences and penalties, and fees and charges that fund the work of the transport agencies. The Ministry leads the development of

[3] As Transport Minister you have powers to amend, replace or disallow some local government bylaws.

these with involvement from transport agencies and SOEs, and the NZ Police depending on the subject. Regulations must be approved by Cabinet.

Transport instruments help support a more flexible regulator system

Transport instruments are a new tool to help support a more flexible regulatory system. They improve the flexibility of the rule-making process by having more customised consultation requirements, meaning that changes that only affect a small number of transport users can be progressed quickly. Transport instruments can also be more easily amended in response to technological innovation

Transport instruments are outlined in a rule made by you as Minister of Transport, with the design and management delegated to a specified official (such as the Director of the relevant transport agency). For example, in the maritime sphere, a transport rule may describe the need to carry approved safety equipment on a vessel, and the related transport instrument could then set out what types of safety equipment are approved and details relating to their use.

Several transport instruments now exist in Maritime legislation, with more planned in other modes as part of work on secondary legislation The Civil Aviation Act 2023 (which comes into force in 2025) empowers the Minister to enable the creation of a transport instrument. Once the Minster provides for an instrument to be made, the Director of Civil Aviation or Secretary for Transport is then empowered to enable their creation. The only restriction is that the Minister must consider that the matter is appropriate to be in the transport instrument, rather than the rule or regulation.

The regulatory system, through legislation, rules, and regulation implements requirements under international conventions and agreements

There are some 50 international transport related agreements. However, only a small number require regular updates of our regulatory system

Regulatory stewardship is embedded in the Ministry's work

The regulatory system has a dual function: to prohibit or control certain activity or behaviour and to create an enabling environment. Regulation is not just 'red tape' but can (if used well) contribute to the economic opportunities and other outcomes. Regulating emerging technologies can also enable better market access to firms by providing a permissive and transparent environment with appropriate safeguards. This can support the uptake of emerging technology and increase productivity in the sector.

For a long time, the transport system has followed certain basic assumptions, for example there is a human driver controlling aircrafts/vessels/vehicles or what is, or is not, a motor vehicle. Our regulatory frameworks generally reflect these assumptions. However, the swift changes in technology, climate change, and alternative fuels, among other things, have left some of our legislation scrambling to catch up.

We have a responsibility to develop robust regulation that reflects considered choices about the best regulatory tool to use, the right type of regulatory design (performance-based or prescriptive), and who is best placed to apply them. We also need our regulation to be able to respond quickly to change, ensuring New Zealanders can take advantage of new technologies while ensuring safety.

Regulatory stewardship is a public service principle and statutory responsibility for all government departments, including the Ministry. It involves adopting a whole-of-system, lifecycle view of regulation and requires a proactive and collaborative approach.

The Ministry is developing an updated Transport Regulatory Stewardship Plan that sets out how we fulfil our regulatory stewardship responsibilities in collaboration with the transport agencies (Waka Kotahi, CAA and MNZ). It includes the priority actions we will take to address some of the issues outlined below.

The regulatory system requires constant review and renewal as part of our stewardship responsibilities. Otherwise, it might not cope well with emerging risks, shocks, or disruptive technologies. Parts of the current regulatory system have proven to be flexible and able to deal with most emerging issues without the need to change primary legislation, where other parts have not. Some parts of the regulatory system are out of date, and changes have been made over time in an ad hoc way. This raises questions about whether the system remains coherent. Compliance with international conventions is patchy in some areas, leading to reputation and coordination issues.

We are also developing a strategy to determine where, and how, we engage on the international agreements and conventions that affect our regulatory system, implement international standards, and how we meet our obligations.

Crown entity monitoring, assurance, and oversight

Crown entity monitoring and oversight is a key mechanism to deliver your priorities

The Ministry and the transport Crown entities work collaboratively to develop and deliver a multi year programme of work which will progress your priorities and the delivery of transport outcomes, and other priority actions to maintain and renew the system.

The Crown carries out service delivery and regulation activities in the transport system through Crown transport entities and Crown companies. Waka Kotahi, MNZ, CAA, Auckland Light Rail Limited (ALRL) and City Rail Link Limited (CRLL).

Your role as responsible Minister of these entities is defined by section 27 of the Crown Entities Act, which "…is to oversee and manage the Crown's interests in, and relationship with, a statutory entity…" While you are ultimately accountable for the performance of these entities, the Boards that you appoint to these entities are primarily responsible.

The Ministry is your monitoring agent for the transport Crown entities. The roles and responsibilities of the Minister, Crown entity and monitoring department are outlined in the *It Takes Three Framework*[4], and summarised in the Figure below.

[4] https://www.publicservice.govt.nz/guidance/it-takes-three-operating-expectations-framework-for-statutory-crown-entities/

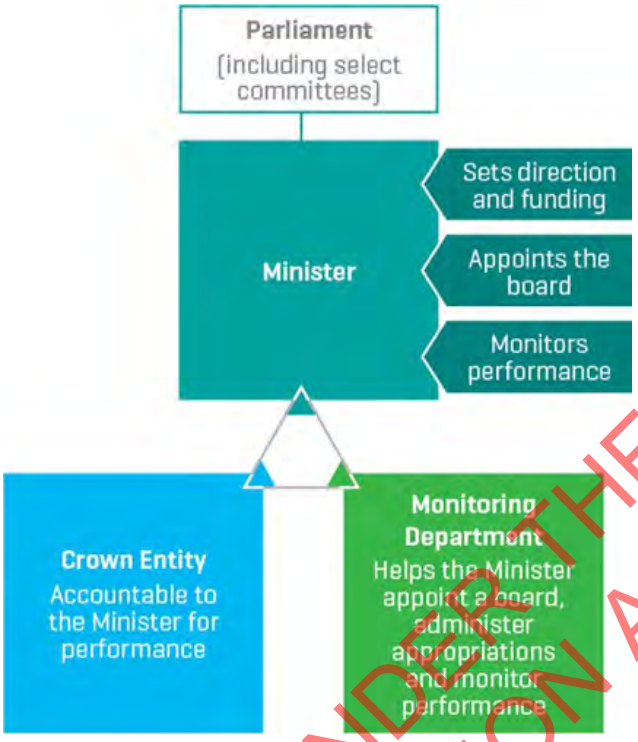


Figure 6 Roles and responsibilities of the Minister, Crown entity and monitoring department

Crown entity boards have the primary responsibility for their entity's performance. They exercise the power, perform the functions of each entity and hold responsibility for the operational decisions of their entities. You appoint and oversee those boards as responsible Minister and are assisted by the Ministry as your monitoring agent, assisting you in discharging your statutory functions.[5]

In addition to carrying out oversight and monitoring of the Crown entities and Crown companies on your behalf, the Ministry also conducts other assurance, funding, contracting and reviewing activities for government transport initiatives and programmes, Crown entities and Crown companies. These activities include:

- Providing advice on and monitoring of initiatives and programmes such as the NZ Upgrade Programme, the Climate Emergency Response Fund, and the Auckland City Rail Link.
- Transport sector funding reviews – These reviews set the fees, charges and levies on third parties which fund regulatory functions for CAA, MNZ, and Waka Kotahi. These reviews are critical for determining value for money and the resourcing available to fund capacity and capability that these agencies require to deliver their responsibilities.
- MetService contract – Under the Meteorological Services Act 1990, you are responsible for ensuring that New Zealand has a National Meteorological Service that fulfils the World Meteorological Organisation Technical Regulations. The Ministry contracts MetService to deliver this.

[5] The Governor-General appoints the TAIC board, based on your advice.

- Joint venture airports – The Ministry administers a multi-year appropriation (2018/19 to 2022/23)) to manage the Crown's 50 percent interest in Westport, Whakatāne, Whanganui, Whangarei, and Taupō joint venture airports
- The Milford Opportunities Project (MOP) is currently 'feasibility-testing' the MOP Masterplan, which was developed by a group including local authorities, central government, and Ngāi Tahu. It makes significant recommendations regarding the preservation of and visitor experience at Milford Sound Piopiotahi, which could have significant implications for conservation, tourism, transport, and resource management

You have a vital role in overseeing the delivery and performance of key transport agencies

Your oversight role, supported by the Ministry, is vital in ensuring the transport Crown entities are effectively performing their functions, many of which deliver critical services to New Zealanders.

Below are a range of accountability mechanisms that the Ministry will advise you on to assist you in overseeing the transport Crown entities and meeting your statutory responsibilities.

Table 1 Accountability mechanisms

Accountability Mechanism	Description
Letter of Expectations	Primary mechanism used to set the priorities and performance expectations on an annual basis. You can expect to receive draft letters from the Ministry around October/November. These letters are sent out well in advance of the financial year, so that Crown entities can respond effectively
Statement of Intent	Sets out the entity's strategic intentions against the Government's priorities and direction. The Statement of Intent is developed by an entity for at least a four-year period.
Statement of Performance Expectations	Sets out the entity's annual delivery and performance expectations against your Letter of Expectations and the Statement of Intent. Entities are required to provide their final drafts of their Statements of Performance Expectations for your comment before 1 May each year.
Annual Report	Sets out entities' annual non-financial and financial performance against the expectations set out in the Statement of Performance Expectations. You can expect to receive annual reports from each entity around October.
Quarterly reporting	Performance reporting provided by the entity against the priorities and expectations set out in the Statement of Performance Expectations.

In addition to the core accountability mechanisms, you will have regular meetings with Crown entity chairs to discuss entity governance, performance and key risks. The Ministry will provide you with advice to assist in your engagement with board chairs. We also recommend you regularly engage with the entity boards, to discuss key opportunities and risks across the entities.

The capability and performance of the transport entity boards is critical in delivering your priorities and expectations

Each Crown entity and company is governed by a board. There are a maximum of 69 ministerial appointed positions across the transport sector. This is comprised of up to 23 positions on Crown entities, including positions on the ALRL Board, TAIC Commissioners, CRLL Board, Aviation Medical Conveners, and advisory committee positions.

Before appointments fall due, we will provide you with advice to support the appointment and re-appointment of board members. As part of this process, we will provide you with an overall assessment of board capability and recommendations on the skills and capabilities needed to ensure your boards are well governed, effective and high performing.

The Ministry has significantly enhanced its monitoring and governance functions

The Ministry has improved its monitoring capability and performance in recent years, influenced by the review into regulatory failure at Waka Kotahi in 2018 and the review of CAA's organisational culture, which was finalised in early 2020.

The Ministry has implemented a Transport Sector Monitoring Framework that provides a more structured approach to monitor the life cycle of an intervention. This approach assesses entity governance, capability and performance – particularly how entities communicate information to the board, their assurance mechanisms for key projects and programmes, and whether the board is receiving the necessary information from an entity. The approach is informed by your priorities and our assessment of key risks for each entity.

Each quarter, the Ministry undertakes specific assessments against identified focus areas agreed with you to provide additional confidence over the entity's governance, capability and performance to the information you receive directly from boards.

Examples of specific focus areas include risk and assurance, board capability and performance, organisational culture, regulation, and investment management.

We use agreed lines of enquiry to provide insights against each focus area. The outcomes for these focus areas are reported back to you as the responsible Minister and can be used as part of your regular engagement with the boards.

These assessments provide you with independent assurance that transport Crown entity boards are effectively governing the operation, performance and key risks of each entity. The primary focus of our monitoring assessments is on how the boards are discharging their functions.

The Ministry will engage with you as soon as possible to assist in setting your expectations for the entities, which will inform a tailored monitoring programme over the next 12 months.

The Crown Entities will provide a separate BIM to give you more detail on your role and their responsibilities, and further detail is included at Appendix XX.

Influencing the international environment

International frameworks play an important role in our transport system

New Zealand's transport regulatory systems are significantly shaped by international obligations, standards and recommended practices. New Zealand benefits strongly from international transport regulatory frameworks, which underpin our international connections and facilitate our trade in goods and services.

As steward of the transport system, the Ministry's roles are to:

- monitor and understand what is happening internationally, and how it affects, or may in future affect, New Zealand's transport system
- influence relevant international standards to protect and promote New Zealand's interests
- ensure New Zealand meets its international transport commitments.

A wide range of international organisations influence New Zealand's transport settings. The table below shows some of the key organisations the Ministry works with and their functions.

Table 2 NZ transport organisations

Organisation	Role
The International Civil Aviation Organisation	Sets standards and regulations for the aviation sector (international safety, security, and environmental protections).
International Maritime Organisation	Sets standards and regulations for the maritime sector (international safety, security, and environmental protections).
International Labour Organisation	Sets conditions of work and employment on ships (under the Maritime Labour Convention).
United Nations working parties	New Zealand has obligations as a party to two United Nations Agreements relating to road vehicle and road vehicle standards. Under these agreements, United Nations' working parties set regulations and standards to improve road safety and facilitate international trade.
World Meteorological Organisation	Fulfils New Zealand's obligations under the World Meteorological Organization, the United Nations specialised agency for weather, climate, and water, by way of the Ministry's contract with MetService.

A step-change in our international engagement is required to leverage benefits for New Zealand

In recent years, the Ministry's international engagement has tended to be piecemeal and focused on responding to urgent issues, with some exceptions – notably leadership on Air Services Agreements and our open skies policy.

We are working to improve our performance at the international level, recognising that international engagement is a key lever to achieving New Zealand's transport outcomes, but being cognisant that international travels add to our carbon emissions. We aim to find a balance where we:

- maximise our ability to influence international standards that directly affect our transport system
- mitigate the risks from non-compliance, including safety, security economic and reputational risks
- draw on international expertise to support domestic policy outcomes. This is particularly important for emerging transport technologies and policy issues
- better support transport agencies to deliver their core roles – particularly CAA and MNZ, who are heavily engaged in international work at an operational and technical level
- contribute to wider New Zealand policy outcomes, such as emissions reduction and engagement with Pacific Island countries.

Your engagement at the international level is important

Airlines are able to operate international services only where the right to do so has been expressly permitted in a bilateral air services agreement (ASA) or one of the limited number of multilateral agreements. The Ministers of Transport and Foreign Affairs jointly approve the mandate for air services negotiations and approve the outcomes where they involve a treaty action.

Most recently, a new air services was agreed in September 2023, following the latest ASEAN (Association of Southeast Asian Nations) Working Group Meeting on Regional Air Services Agreement. This underlines the importance of air connectivity for trade, tourism, education and other people-to-people links.

The Ministry will provide advice on where we consider there will be good value in your engagement in Ministerial-level forums. Key opportunities over the next year may include:

- **The Transport and Infrastructure Council.** The Council brings together Commonwealth, Australian State and Territory, and New Zealand Ministers with responsibility for transport and infrastructure issues as well as the Australian Local Government Association.
- **Pacific Transport Ministerial-level meetings.** New Zealand has a direct interest in the safety and security of Pacific Island countries' transport systems, given our aviation and maritime links with the region and the number of New Zealanders who travel regionally under normal circumstances. The New Zealand Aid Programme funds MNZ to deliver the Pacific Maritime Safety Programme, and the Ministry of Foreign Affairs and Trade funds CAA to deliver the Pacific Aviation Security Capacity programme. There is also a place for increased engagement and experience-sharing at a policy/strategic level.

Wider collaboration within the Transport System

Local government, the private sector, researchers and iwi are also key players in shaping the transport system.

Many parts of the system are outside of government's direct control. For example, in the freight, aviation and maritime sectors, the majority of decisions are made by the private sector. Local government also plays a particularly significant role in regional-level transport investments. Effective, meaningful engagement with stakeholders, is critical to achieving government priorities.

WIDER COLLABORATION WITHIN THE TRANSPORT SYSTEM

Outside of existing collaboration between government agencies and SOEs, collaboration with other stakeholders in the transport system is critical to realising positive transport outcomes. These stakeholders include:

- **The private sector** plays a significant role in the transport system, as a major employer and significant investor in the transport system. This is particularly the case in the aviation and maritime sectors. The private sector can be a partner in helping to achieve transport outcomes , while also leading innovation in areas such as autonomous vehicles, drones, and 'shared mobility'. Key private sector stakeholders that we would expect you to engage with would include Air New Zealand, Auckland Airport, and the Board of Airline Representatives New Zealand (BARNZ) which represent the airline industry in New Zealand.

- **Iwi and hapū** – Government has responsibilities under Te Tiriti o Waitangi to acknowledge Māori as partners and their status as tangata whenua – the indigenous people of Aotearoa. Effective, meaningful partnership with Māori is key to improving transport and broader social outcomes for Māori, and to ensure the transport system serves all New Zealanders equitably.

Māori are disproportionately represented in transport statistics such as drink driving, and Māori in regional New Zealand are strongly impacted by investment in infrastructure like roads. Government has a responsibility to improve transport outcomes for all New Zealanders including Māori, while Māori and iwi groups will also have an expectation that they are meaningfully consulted on transport decisions that impact their everyday lives.

Iwi and hapū also have access to local peoples, connections, and expertise that may otherwise be missing from a Crown and central government perspective in policy development.

- **Non- government-organisations,** industry associations, or other groups advocate for the perspectives and interests of particular parts of the sector. This includes groups advocating for particular types of transport (e.g., cycling advocacy groups), neighbourhood groups (e.g., for a public road) and other groups that may be established to support or oppose a specific policy or initiative. Engaging with these groups is a critical aspect of a democratic process and good policy development, as they can bring important perspectives, data and evidence to the policy process, and draw attention to issues that might otherwise be overlooked.

Appendix 1 Emergency Management and search and rescue functions

Emergency Management

The transport system is vulnerable to major natural events and manmade shocks that disrupt services. The Ministry exercises its system stewardship role by being the transport sector lead on resilience and security policy matters with other government agencies such as the Department of Prime Minister and Cabinet (DPMC), the National Emergency Management Agency (NEMA), and the National Security System. The Ministry works closely with the other transport Crown entities to plan for future needs and emergencies so that the transport sector can respond efficiently and effectively to system disruptions or damaged infrastructure.

System planning and preparedness is reviewed during DPMC-led ODESC forums and exercised as part of the NEMA-led all-of-government National Exercise Programme. During significant responses the Ministry will activate and lead the Transport Response Team (TRT), which acts as the sector coordinating entity for transport under the Civil Defence and Emergency Management Act. As a non-operational agency, the Ministry's role is to coordinate the transport sector and ensure a single transport voice is provided to the lead agency for the response and to Ministers.

New Zealand Search and Rescue Council

New Zealand's 30 million km2 Search and Rescue (SAR) region (the world's third largest) extends from the South Pole to the southern border of the Honolulu region, halfway to Australia and Chile, and includes American Samoa, Cook Islands, Niue, Norfolk Island, Samoa, Tokelau, and Tonga. Collectively, the SAR sector comprises approximately 11,095 people from a wide variety of public, non-government and commercial organisations of whom around 89 percent are volunteers. During the 2022/23 year, the sector saved 137 lives, rescued 744 people, and assisted a further 1130 people. These actions averted $1.639 billion in social costs to New Zealand.

The New Zealand Search and Rescue (NZSAR) Council, established by Cabinet in 2003 provides strategic governance, leadership to the SAR sector, manages the governments investment into the sector and provides SAR advice to Ministers. The Council consists of the chief executives of departments with SAR responsibilities and includes the Ministry (chair), Maritime NZ (MNZ), the Civil Aviation Authority, the Department of Conservation, the NZ Police, the New Zealand Defence Force, Fire and Emergency NZ, and a non-government independent member.

The Ministry receives funding for and hosts the NZSAR Secretariat. Either the NZ Police or the Rescue Coordination Centre NZ (which is an operating group within MNZ) coordinates SAR operations. The responsible coordinating authority will request the use of SAR assets depending on the requirements of the operation. A wide variety of organisations may participate in SAR operations, including the Department of Conservation, NZ Land Search and Rescue, Coastguard NZ, Surf Life Saving NZ, rescue helicopters, the NZ Police, commercial vessels, Defence and a variety of smaller organisations or assets including members of the public.

The SAR sector's revenue comes from a variety of sources, including Crown funding through Vote Transport, Vote Police, Vote Conservation, and Vote Defence, and hypothecated funding collected under the Land Transport Management Act 2008 (LMTA) (which recognises the Fuel Excise Duty (FED) paid by recreational boat users). Commercial sponsorship, local fundraising, community

grants, class 4 gaming (including gaming machines from pubs and clubs) and the Lotteries Grants Board also provide funding to the wider search and rescue and recreational safety sectors.

Ministers of Transport and Finance are empowered under the LTMA to allocate FED funding for SAR purposes. The NZSAR Council (on behalf of the Ministry) administers approximately $21.8 million per annum of FED investment into SAR sector agencies. The NZSAR Council (on behalf of the Ministry) also administers the government's investment of $15.1 million per annum into frontline water safety rescue and prevention services (Coastguard NZ and Surf Life Saving NZ).

Appendix 2 Cross system collaboration

Maritime Security

You are the lead minister for Maritime Security and the Ministry is the lead agency for maritime security policy. The Ministry chairs the Maritime Security Oversight Committee (MSOC) which is responsible for oversight of New Zealand's maritime security and comprises the lead 11 maritime security agencies. MSOC developed a Maritime Security Strategy (endorsed by Cabinet in 2019) in response to multiple, increasing security pressures. Maritime security is one of the 12 core issues within the draft National Security Strategy and the Ministry is likely to be made the National Coordinating Agency for Maritime Security within this Strategy's Action Plan.

Border Executive Board

The Border Executive Board (BEB) is an interdepartmental executive board that has six member agencies – New Zealand Customs Service (chair), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Manatū Hauora Ministry of Health, and Te Manatū Waka Ministry of Transport. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination, and improvement activity.

A small secretariat services and advises the board and is funded by contributions from the six border agencies. A separate briefing on the BEB has been prepared for the Minister of Customs, as the Minister responsible for the board.

Collective action and collaboration for climate action

New Zealand has international commitments under the Paris Agreement, and a domestic legislative framework (under the Climate Change Response Act 2002) that commits the government to ambitious emissions reduction targets and to improving our resilience and ability to adapt to the effects of climate change. The Climate Change Chief Executives Board (the Board) was legally established in July 2022 as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to align and co-ordinate cross-department climate change action. The

Board comprises of eight Chief Executives, is chaired by the Secretary for the Environment, and it is responsible to the Prime Minister for its operations. The Ministry of Transport's Chief Executive serves on the Board to drive collaboration with other key departments alongside delivering on your transport portfolio commitments.

The Board's role is to take a cross-government view and provide collective advice to Ministers to:

- support Aotearoa New Zealand to meet the first three emissions budgets and deliver the national adaptation plan by coordinating an all-of-government approach to climate policy,
- build cross-government understanding and strategic approach that aligns with and combines the Government's overall economic wellbeing strategy with its climate change response,
- inform how to respond to risks and opportunities as they arise.

While the Board is responsible for overseeing the delivery of the first ERP and NAP as a whole, Te Manatū Waka remains accountable for the delivery of actions within your portfolio/s.

Extreme weather events in Nelson and the North Island over the past year have underscored the need for greater urgency and focus on reducing emissions and building New Zealand's resilience to the effects of climate change. The Board is ready to advise on how to meet New Zealand's ambitious future emissions budgets, and can support ministers with the delivery of the work programme to meet the current budget. While emissions budget 1 is currently finely balanced, emissions budgets 2 & 3 (2026-2035) are projected to be more challenging to achieve and will require even more ambitious action than ERP1 and NAP1.

For more information on the Board and its work, please refer to the Climate Change Chief Executives Board BIM.

Appendix 3 Summary of agencies, state owned enterprises, and their functions

Table 3 Agencies, State owned enterprises, and their functions

Agency/SOE	Key Functions
Te Manatū Waka Ministry of Transport	The Ministry advises you, and government more widely, on all policy and regulatory matters within the transport system, and also on funding and governance of the transport Crown entities. With a budget of nearly $49 million (2020) and around 180 staff, the Ministry plays key functions (under the five levers, previously detailed).
Waka Kotahi New Zealand Transport Agency	Waka Kotahi is a Crown entity primarily governed by the Land Transport Management Act 2003 (LTMA) and Crown Entities Act 2004. Waka Kotahi's functions are specified in the LTMA and include investing in, and managing most aspects of the land transport network, including rail. Waka Kotahi also has regulatory compliance and enforcement responsibilities relating to aspects of rail safety, driver licensing, vehicle testing, and certification and revenue collection. Waka Kotahi has a set of statutorily independent functions, including determining which activities should be included in the NLTP. Waka Kotahi also approves activities as qualifying for payment from the NLTF, approving procurement procedures for land transport activities, issuing or suspending any land transport document or authorisation, and exercises enforcement powers.
Civil Aviation Authority (CAA)	CAA is a Crown entity primarily governed under the Civil Aviation Act 2023 and Crown Entities Act 2004. Led by the Director of Civil Aviation, the Authority has two functional divisions: Civil Aviation Authority – performs safety and security regulatory functions; and Aviation Security Service (known as Avsec) which delivers aviation security services at New Zealand's six security designated airports. Under the Civil Aviation Act, the primary objective of CAA is to "undertake its functions to facilitate the operation of a safe and secure civil aviation system".
Maritime New Zealand (MNZ)	MNZ is a Crown entity established under the Maritime Transport Act 1994. It is responsible for promoting a safe, secure, clean and sustainable maritime environment for all commercial and recreational activities on the water and minimising the impact of maritime incidents and accidents on New Zealand and its people. The Agency has both a domestic and international focus. New Zealand's maritime sector is complex, diverse, and a major contributor to and enabler of the New Zealand economy through activities such as international shipping, marine manufacturing, and fishing. International rulemaking and standards facilitate New Zealand's trade, protect its maritime environment and enhance seafaring safety. MNZ takes an active role in international engagement to support New Zealand's interests in the maritime sector.

Agency/SOE	Key Functions
Transport Accident Investigation Commission (TAIC)	TAIC is an independent Crown entity, and acts as a standing commission of inquiry. The Commission's core purpose is to determine the circumstances and causes of certain aviation, rail and maritime occurrences with a view to avoiding similar occurrences in the future, rather than to ascribe blame. TAIC was established to assist New Zealand to comply with its international aviation obligations of ensuring independently conducted, safety-focused accident and incident ('occurrences') investigations, a role that has since expanded to include investigations of maritime and rail occurrences. The Commission has a range of investigative (not enforcement) powers.
City Rail Link Limited	City Rail Link Limited is listed as a company under Schedule 4A of the Public Finance Act It was established in 2017 by the Crown and Auckland Council to deliver Auckland's City Rail Link (CRL) project. The Crown and Auckland Council jointly own City Rail Link Limited (with a 51/49 percent shareholding respectively). You are jointly responsible, with the Minister of Finance, for the Crown's interest in City Rail Link Limited (as shareholding Ministers). Board appointments require joint agreement from the Crown and Auckland Council. The Board operates independently to shareholding Ministers and Auckland Council, in accordance with the Project Delivery Agreement. The Project Delivery Agreement is a contractual agreement between the Crown, Council and City Rail Link Limited that sets out the terms for City Rail Link Limited to manage the delivery of the CRL project on behalf of the Crown and Council, as joint Sponsors of the project.
Auckland Light Rail Limited	Auckland Light Rail Limited (ALRL) was established in late 2022 under Schedule 2 of the Crown Entities Act 2004 to deliver a Detailed Business Case (DBC) by mid 2024 for the Crown to make a final investment decision on an Auckland light rail route from the Auckland city centre to Auckland Airport. Unlike City Rail Link, the Auckland Light Rail project includes urban development and integration with other transport initiatives and systems, such as the Additional Waitematā Harbour Crossing (AWHC). You are jointly responsible for ALRL along with the Minister of Finance and the Minister of Housing with each Minister having a 1/3 share in ALRL. In addition, Auckland Council and Manu Whenau representatives are joint sponsors along with the Crown. The Board operates independently at arm's length to shareholding Ministers and Sponsors, in accordance with the Project Planning and Funding Agreement (PPFA). The PPFA is a contractual agreement between the Crown, Council and ALRL that sets out the terms for ALRL to manage the delivery of the Auckland Light Rail project.
KiwiRail	KiwiRail is a commercially focused and vertically integrated SOE, responsible for operating freight and tourism passenger services on 3,700 kilometres of rail network and three inter-island ferries. KiwiRail owns, maintains and upgrades the national rail network and associated infrastructure, including the rail networks used by Auckland and Wellington passenger rail services. KiwiRail will also be responsible for operating Te Huia (Hamilton to Auckland start-up service), once it is operational.

Agency/SOE	Key Functions
	Auckland Transport (AT) and Greater Wellington Regional Council (GWRC) are responsible for planning, funding and procuring operators for the passenger rail services in their regions. They also own the passenger rolling stock and related infrastructure required to support operations, such as station buildings and maintenance depots. KiwiRail's core purpose is to move people and freight, and to cooperate with other players in the sector to create integrated transport solutions for customers. KiwiRail is focused on efficient freight movements (via rail and ferry) and helping customers to be more competitive.
Meteorological Service of New Zealand Ltd (MetService)	MetService's core purpose is to provide weather services that support safety of life and property and, as a SOE, add value to the New Zealand economy. The weather impacts significantly on New Zealand's economy, transport safety, primary industries, energy production/consumption and general public safety. MetService provides a wide range of weather information services and data to government (including other transport sector agencies), business, and directly to the public, to promote public safety and inform weather-related risk management and decision making. MetService works closely with other transport sector agencies. It provides specialised road environmental information services to Waka Kotahi and its Network Operations Contractors (contracted to maintain the operations of road networks), and for the management of weather impacts on the State Highway network and other major roads.
Airways Corporation of New Zealand Ltd (Airways)	Airways is a commercial Air Navigation Service Provider (ANSP) that is committed to ensuring safe skies for today and tomorrow. Airways works with partners to provide global aviation customers with safe, integrated airspace management through a proactive safety culture, expert knowledge, and technology-enabled solutions. Airways provides air traffic control services and infrastructure to enable safe, reliable and efficient air transport within the New Zealand Flight Information Region. Airways is also responsible for maintaining and investing in the aviation infrastructure that supports New Zealand's air traffic management system. Airways invest in new technology that enhances safety, and delivers real economic and environmental benefits for customers and the public. As an ANSP, Airways is regulated by CAA and provides its service in line with Civil Aviation Rules and international standards.

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Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Briefing to the Incoming Minister (Strategic) | He pepa whakamōhiotanga mō te Minita

Ministry of Transport Te Manatū Waka

November 2023

Contents

Foreword

Tēnā koe Minister, and congratulations on your appointment as the Minister of Transport.

The Ministry of Transport (the Ministry) has a key role in advising you on the decisions needed to sustain the transport system and help achieve your transport priorities.

Transport connects people with family, friends, communities, schools and work, and shifts materials, goods and services around New Zealand and to and from the world. New Zealand's transport system enables the social and economic prosperity of our cities, towns and rural communities.

The transport system also has a range of impacts, including road deaths and serious injuries, air and noise pollution that affect the health of the general population, as well as producing a significant proportion of New Zealand's greenhouse gas emissions.

This year, we have seen extreme weather events impacting communities and transport networks across the country. The Auckland Anniversary floods and Cyclone Gabrielle caused lasting damage to communities and vital infrastructure.

Increasingly, our cities, towns and regions are facing funding pressures, driven by the demand for new or replacement infrastructure, of which transport is a major component. We must ensure the transport system is fit for future generations and able to withstand the impacts of extreme weather events.

Addressing these challenges places further pressure on existing funding models. The cost of maintaining the transport system, together with the need for repairs to roading and rail networks damaged by extreme weather events, will need to be balanced with new investment priorities. The sector has faced significant cost inflation in recent years, which requires a strong focus on maximising the value we get from new investments.

The Ministry has been working on options for a sustainable transport revenue system, including the role of additional funding tools, with the objective of providing advice on who should pay for what and how to apply a sharper focus on value for money.

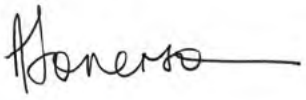
The Ministry works collaboratively with agencies and stakeholders to advance a long-term, integrated approach to the transport system. To create thriving cities and regions the transport sector needs to be more closely joined-up with planning, housing, other infrastructure, and broader funding and financing models.

As a public service department, we have an important responsibility to actively improve outcomes for Māori, to ensure a transport system serves all New Zealanders equitably. A key focus area for everyone at the Ministry is our Hei Arataki strategy, which seeks to identify issues and opportunities for Māori in transport policy design and delivery.

FOREWORD

As the Minister of Transport, you can make real differences to the lives of all New Zealanders. We look forward to giving you the advice and support needed to put your priorities in place to help advance the nation's transport system.

Nāku noa, nā



Audrey Sonerson
Secretary for Transport and Chief Executive

Ambitions for new investment are growing beyond capacity

Investment in the right transport system at the right time and the right place is an important enabler of increasing New Zealand's economic growth and meeting many of the ambitions of New Zealanders. Cities need to move large numbers of people and freight quickly and efficiently, while the regions need to connect spread-out communities and services and maintain strong links to well-run ports and airports to move their products to market. Still, investment ambitions are running well ahead of the capacity of the revenue system or the construction sector to deliver new projects, especially alongside ambitious programmes in other sectors like water and housing (see Figure 1). We need to make better use of what we have and grow the sector to be able to deliver increased activity and guard against inflation.

Planned expenditure for the next 20 years is nearly double the $10 billion per annum of current investment, and more than four times the size of the National Land Transport Fund (NLTF). These commitments have not been made based on a system-wide investment plan and have likely driven inefficiencies in the system. The scale of the investment also stretches management capacity. Reduced oversight can exacerbate the risk of cost overruns or delivery failures.

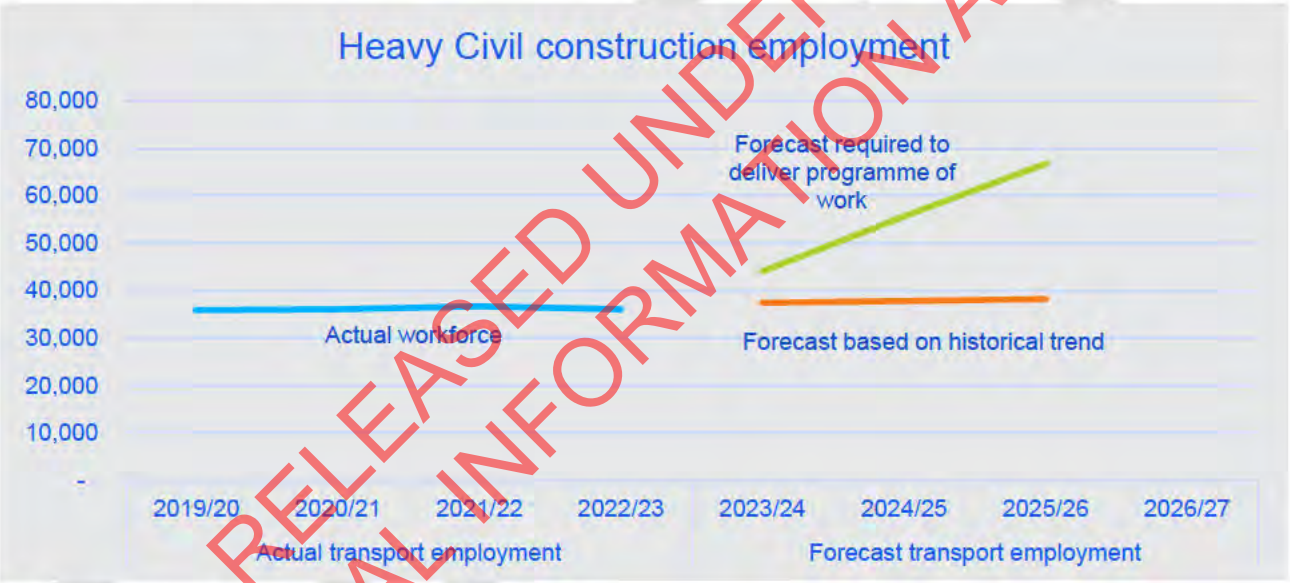


Figure 1 Heavy Civil construction employment

Source: Ministry of Transport

There is a growing urgency to consider the balance between new expenditure and maintaining the system and establishing a more certain and sustainable model for funding transport priorities to meet short term needs and to establish an enduring model for the next decade and beyond. This will involve considering the balance between revenue and expenditure, and how to apply a sharper focus on value for money. New Zealand must also look to other tools, such as pricing and demand management (eg, congestion charging), regulatory interventions, use of data, and the way transport and land use are considered together.

A new approach to paying for land transport is needed

In the aviation and maritime sectors, the networks are mostly owned and operated by private interests, with some local government investment. However, in the land transport sector, central government plays a lead role in how the system is planned and funded. New Zealand's land transport system has been reliant on a narrow range of user charges (mainly taxes on fuel and charges on diesel and heavy vehicles for kilometres travelled) to pay for much of our land transport system, including infrastructure, maintenance, public transport operations, and other functions, such as search and rescue.

Over the last two decades, Crown contributions and borrowing have increased as the level of funding from user charges has fallen behind investment ambitions. Without these contributions, charges on users would need to increase significantly. This, and other factors, have put the system under pressure. Our revenue system does not easily support large, long-term investments. Many of these have a scale of cost that need to be spread over many years.

We need to decarbonise the transport system

Transport is one of New Zealand's largest sources of GHG emissions, producing 40% of domestic CO_2 emissions and over 17% of total domestic GHG emissions. Most transport emissions (92%) come from land transport, with 69% of the land transport emissions from light vehicles (cars, utes and vans).

The Climate Change Commission has identified transport as a sector with the potential to be almost completely decarbonised by 2050 and make large reductions from the third emissions budget period (2031-2035) onwards. New Zealand's overall success in reducing emissions is likely to rely heavily on transport realising this potential.

New Zealand's international connections are increasingly vulnerable and uncertain

New Zealand's ability to trade and connect with the world is increasingly influenced by geopolitics, the international politics of climate change and New Zealand's position as the last stop on many international supply chains. Aviation and maritime are emissions intensive sectors and, in the coming decades, there will be growing global pressure on these sectors to decarbonise. Market based measures to reduce emissions in these sectors will be important, but they are likely to disproportionately impact New Zealand due to our distance from the rest of the world. It is important we work collaboratively with these sectors and support them to decarbonise as quickly as possible. These sectors are increasingly seeking government leadership, involvement and support for measures to enable and support their efficiency and transformation.

New technologies need to be integrated

Transport will need to integrate new advances in technology, including novel craft and new types of fuel. This brings considerable opportunity but also risk. Managing this quickly and safely will require some changes to the transport regulatory system. Changes will help ensure that regulation enables the use of new technology in a way that does not impose unnecessary costs. Government will also need to continue to work closely with the private sector on how to fund the infrastructure necessary to adopt new technologies. For example, airports and seaports need to consider the infrastructure investment required to support alternative fuels for their users or to power their own operations, such as electrification and hydrogen facilities.

Transport safety and security remains a priority

Improving transport safety and enhancing the security of the transport system remains an issue for New Zealand. While most users can have confidence in the safety and security of the transport services and the infrastructure they use, improvements can and should be made and new risks and changing technology addressed. For example, proportionally more people per capita are killed on our roads than in most other OECD countries. In 2022, the death rate in Australia per 100,000 people was 4.6 while, for New Zealand, it was 7.3 or approximately 60% more. Provisional figures for 2022 indicate 374 people were killed on the roads.[1] Measures needed to improve road safety require sustained effort from government agencies and social acceptance for the changes.

Safety in the aviation and maritime sectors must also be maintained as new technologies are introduced, and it is critical New Zealand continues to effectively implement international security obligations for aviation and maritime to ensure New Zealand remains a trusted destination for airlines and shipping operators.

You can guide and shape the system to meet present and future challenges

How to respond to the challenges and opportunities New Zealand's transport system faces will involve many choices. Over the next decade, New Zealand's transport system will need to evolve to increase its own economic efficiency and support improvement in New Zealand's productivity. The system also needs to significantly reduce emissions, significantly reduce road deaths and serious injuries, and address identified challenges some groups and individuals face when accessing the transport system. The system will also need to further adapt to shocks like severe weather.

While transport decision-making is more demanding than it has been in the past, there are good opportunities to achieve change. As the Minister, you can shape the system to help New Zealanders access safe and efficient transport options, and the Ministry's role is to support you in your efforts.

As the Government's policy lead for transport, the Ministry commits to giving you robust, evidence-based, future-focused advice on the policy, investment, and regulatory settings that provide the best opportunity to achieve your goals. The Ministry's *System Briefing to the Incoming Minister* gives further detail on the policy tools and levers available to you, including the role of the Ministry's Transport Outcomes Framework.

[1] Provisional figure at 5 October 2023.

Part Two: Strategic Opportunities and Challenges

Investing in a high-quality transport system

Challenging economic context

With a challenging economic outlook, increasing risks to long-run fiscal sustainability and cost pressures, New Zealand must make choices about how the transport system will be developed and managed over the next decade and beyond. Government investment, along with other interventions, is needed to create a high-quality transport system for all New Zealanders. However, a good result requires investing in the right things and at the right time, with tight cost control.

New Zealand has been spending more on transport

New Zealand has been spending more on transport, both on new infrastructure and to maintain existing networks. This is driven by a range of factors, including cost inflation across the economy, climate events and natural disasters, increased aspiration for investment and an expanded range of activities being funded. More investment has been going towards public transport and rail, in part to meet broader objectives, such as improving access and reducing congestion and emissions. Around 60% of the funding available through the NLTF is usually committed to maintenance and providing core services, such as public transport and road policing, and these activities are becoming increasingly costly.

With increased pressure on existing funding models, a range of short-term, ad hoc solutions are being put in place, including increased Crown funding and debt. Existing revenue sources cannot keep pace with increasing demand, unless decisions are taken to significantly increase the amount collected. Fuel Excise Duty (FED) is a major source of revenue for the land transport system but could become less certain over time as the average fuel efficiency of the vehicle fleet improves and people choose to travel by other modes.

An ambitious pipeline of projects has either been committed to, or explored, but the funding, scoping and phasing of these projects is still largely to be decided. These projects include Auckland Light Rail, the Strategic Investment Programme outlined in the draft Government Policy Statement on land transport (GPS) 2024, and the additional Waitematā Harbour Crossing. If all these projects proceed to construction, the Ministry estimates the total investment in land transport from 2024 to 2034 will be $125 billion, compared to $61 billion in the 10 years from 2013-2023. Analysis from the New Zealand Infrastructure Commission, Te Waihanga, suggests this would materially exceed the capacity of the labour market in Auckland, even under optimistic growth assumptions.

The Government invests in land transport through the NLTF and through direct funding

The Land Transport Management Act 2003 (LTMA) requires a GPS to set the Government's priorities for the NLTF over a 10-year period. A draft GPS 2024 has been out for public consultation and, as a statutory document, must be published by 1 July 2024. Finalising the GPS is essential to drive land transport planning and funding decisions made by both Waka Kotahi NZ Transport Agency (Waka Kotahi) and local government.

Waka Kotahi gives effect to the GPS through the three-yearly National Land Transport Programme (NLTP), which sets out planned activities and projects. Waka Kotahi has statutory authority over what activities and projects are included in the NLTP and approved for funding. Regional Land Transport Plans made by Regional Transport Committees, consisting of local government, sometimes KiwiRail, and Waka Kotahi, feed into the NLTP. This process helps reconcile the different priorities of central and local government.

Separate to the GPS process, the Crown has, at various times, funded additional transport projects through the annual Budget process. These have tended to be larger projects, such as those included in the New Zealand Upgrade Programme (eg, Melling interchange, Ōtaki to north of Levin) or the Auckland City Rail Link. These projects may have bespoke delivery and governance arrangements depending on the preferences of the Government. Sometimes, these projects are committed to before the final scope of the project or the full costs are known, leading to subsequent trade-offs in scope or the need for significant additional funding.

GPS 2024 will set the Government's land transport policy

As well as setting out proposed strategic priorities, the draft GPS outlines the investment required for the system, the funding available from usual sources, as well as a proposed funding package to address the gap between them.

The funding package proposed by the previous Government emphasises the choices to be made in finalising GPS 2024. The package relies on raising FED for petrol powered vehicles and Road User Charges (RUC) for diesel and heavy vehicles ($1.4 billion), Crown grants ($2.7 billion), Crown loans ($3.1 billion) and some non-traditional funding sources like the revenue from traffic infringements ($300 million) and the Climate Emergency Response Fund ($500 million). Further, while the proposed funding package would have reduced pressure over 2024-27, the Ministry expects there would have continued to be a gap between expenditure and revenue. The draft GPS 2024 outlines a $4.4 billion decrease in funding over 2027-30 compared to 2024-27.

In these circumstances, the investment proposed in the final GPS will need to be carefully prioritised, be affordable, and meet your objectives. Expenditure must also be better managed and demonstrate value for money. This includes strong business cases and ensuring there are a broad range of options considered, including options that do not involve capital investment, such as demand management. While there are also choices to generate additional revenue through existing tools, and maybe some newer ones, there will be constraints, especially in the face of upward pressure on the cost of living.

Figure 2 shows the forecast expenditure for projects previously signalled compared with the available revenue, including Crown funding committed to delivering these projects.

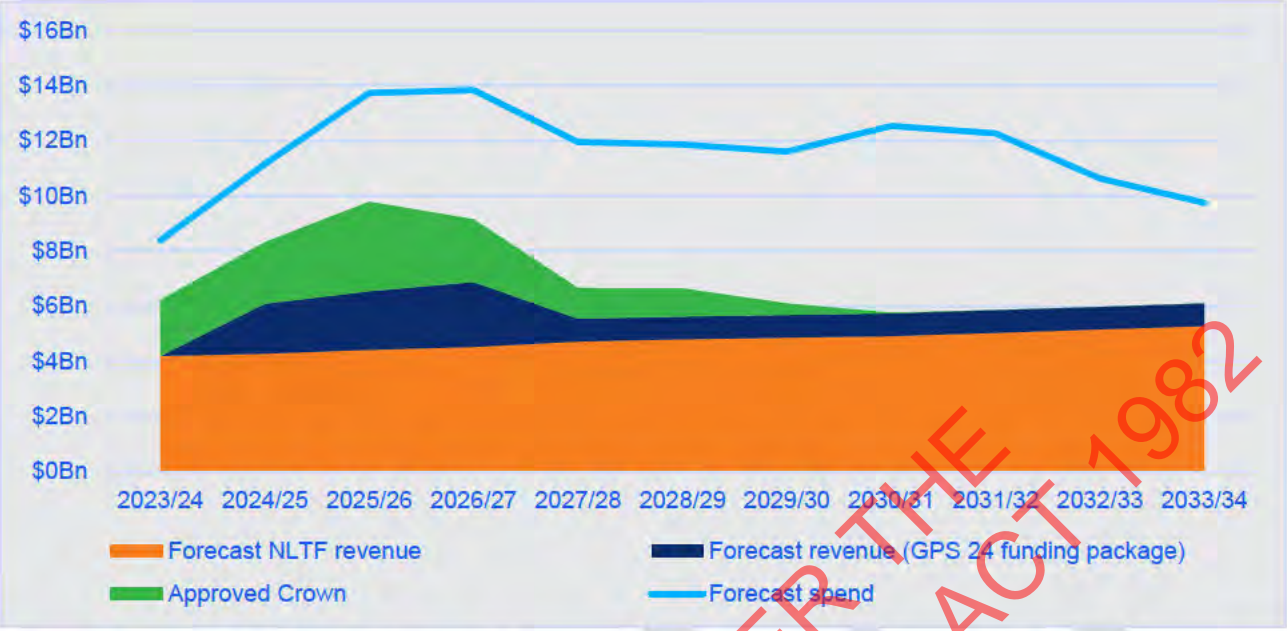


Figure 2 Forecast total expenditure and revenue for land transport (Crown and NLTF)

Source: Ministry of Transport

There are fiscal constraints in Budget 2024

With Budget 2024 allowances likely to be constrained, the Ministry is investigating opportunities to reprioritise existing funding towards higher priority initiatives and to find savings.

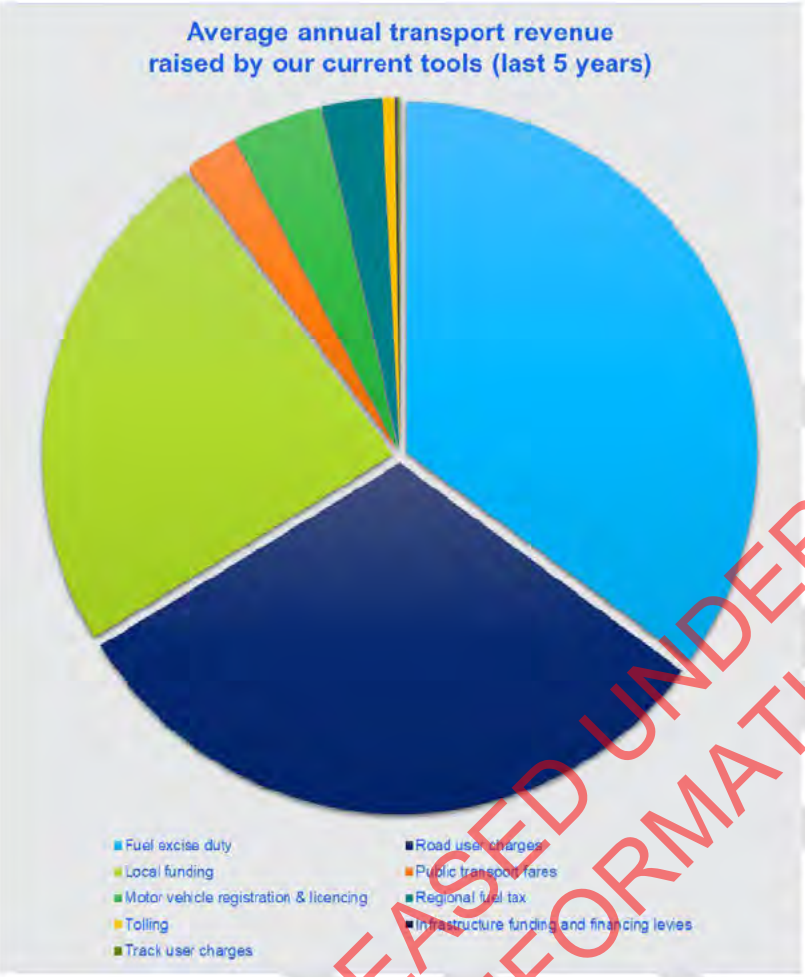
Ensuring a sustainable land transport revenue system

The existing tools for funding the land transport system, like the distance and weight-based RUC system for diesel and heavy vehicles, are still world leading. FED is also an extremely cost-effective and efficient method for collecting revenue from petrol vehicles. Figure 3 breaks down the current revenue between the existing tools.

However, these forms of funding are not well suited to very large, lumpy infrastructure investments (eg, mass rapid transit) that have wider benefits, such as supporting intensification.

Crown funding or debt can play a useful role in meeting transport funding needs. However, practices have varied and this can lead to a lack of clarity about when Crown funding should be used and for what. A more principled and transparent approach would help manage Crown costs and provide more certainty and predictability for Waka Kotahi and cities and regions.

Figure 3 Average annual revenue raised by New Zealand's current tools (last 5 years)



Source: Ministry of Transport

The Ministry has been working on what is needed to enhance the transport revenue system, including the potential role of additional tools and providing more clarity on who should pay for what. There are longer-term and shorter-term elements to this work. In the longer term, there are opportunities to look at the balance between who should bear the costs of the transport system amongst users, ratepayers, taxpayers and other beneficiaries. Whatever approach is chosen, it will need to be predictable, stable and have good levels of public buy-in, as transport costs affect every New Zealander and every New Zealand business.

A transition towards RUC uptake is already underway. The RUC system overcomes the reducing fuel use issues with FED, and it may enable a more equitable and sustainable stream of funding over time. There are options for extending RUC, including moving all vehicles on to the system or more sophisticated charging approaches that would add time and location-based charging.

While some changes would need to be implemented over the longer-term, there are revenue options that can be progressed in the shorter-term. While such tools would help provide additional revenue, they are unlikely to generate enough revenue to fill expected gaps over the next decade and each option comes with its own risks and challenges. These revenue options include:

Value capture mechanisms

Value capture is under-utilised in New Zealand compared to other countries. Value capture involves recovering or 'capturing' the incremental benefit that residential or commercial landowners receive from investments in public infrastructure. This benefit is usually reflected in higher property (land and building) values. There are a range of levy[2] and uplift-based[3] methods available to both central and local government.

[2] i.e., a one-off charge based on property value increases due to the infrastructure.

[3] i.e., a proportion of any capital value uplift is taxed.

Work to date has highlighted the potential for value capture but also the operational complexities of implementing these mechanisms.

Congestion charging

Congestion charging is mainly used for managing demand, so revenue is not its primary aim. This type of charging sets a higher cost for travelling at peak times, and encourages some users to change the time, route, or mode of travel. This can reduce congestion by spreading out use over time and defer the cost of installing new capacity because better use is made of existing capacity.

Congestion charging has been successfully implemented to reduce congestion in cities around the world, for example, London and Singapore. However, schemes have also failed when there were low levels of public acceptability, in part due to concern about equity and a perception congestion charging is only about raising revenue.

There is interest from several of the larger metro councils in congestion charging, both to reduce congestion by managing traffic and potentially raise revenue for transport projects. The Ministry expects them to seek your support for the legislation. Draft legislation has been developed, so it could be advanced quickly, although the underlying policy would need to be confirmed in consultation with you.

Tolling

As the Minister of Transport, you are responsible for approving tolling schemes under the LTMA.
s 9(2)(f)(iv)

Tolling settings are relatively permissive, but tolls can only be applied to new roads. New Zealand's low traffic volumes, the high administrative costs of collecting tolls and a lack of public acceptance, have limited the widespread use of tolling and the amount of revenue able to be generated.

Within these constraints, tolling is rolled out where a case can be made. However, there are options for new tolling approaches, including variable pricing or tolling existing roads. These would require amending the LTMA. For example, Waka Kotahi has been working with Tauranga City and Eastern Bay of Plenty on a proof-of-concept study for variable road pricing.

Tolling options also need to be considered alongside other arrangements, such as congestion charging. In the longer term, shifting to a distance-based RUC system could provide scope to implement variable charging across the network to manage demand more effectively than tolling.

Making greater use of private capital

In the past, Public Private Partnerships (PPPs) have been used with varying degrees of success but have delivered some important lessons. Two roads have been delivered under the PPP model: Transmission Gully and Pūhoi to Warkworth.[5] Compared to other types of PPPs, roading projects

s 9(2)(f)(iv)

s 9(2)(g)(i)

are riskier and more complex, largely due to ground and environmental factors, including weather and storm damage.

The ability for PPP consortia to manage risk is critical for the success of the model. How this is done, when procurement processes are heavily weighted towards a low price, will affect the degree to which PPPs are used for roading projects in the future.

If implemented well, there is potential for PPPs to improve services and deliver new infrastructure. Using private finance means more projects can be built sooner than through the conventional "pay as you go" public sector procurement approach. However, the current PPP model spreads out the costs of these projects over a longer period, which must be managed as a first call against the NLTF if not funded by the Crown. Alternatively, the Government could consider whether there is a benefit to exploring new arrangements for major projects, including new delivery models that transfer more risk to the operator or include value capture.

You can also choose to involve private equity in the delivery of transport infrastructure. Under this arrangement, the investor would seek long-term control of the asset and would seek greater control over design, construction and operation. However, they may also be prepared to take on a wider range of risks. Investors such as ACC and the NZ Super Fund have shown an interest in such arrangements, which may be a good way of approaching wider packages of development in cities.

The Ministry will meet with you soon to discuss your investment and revenue priorities

The Ministry will seek to meet with you as soon as possible to discuss your priorities and the next steps for GPS 2024, Budget 2024, and the Ministry's revenue work. Clarifying your expectations early will ensure agencies do not commit resources to developing bids unlikely to be supported.

A net-zero transport system

The Climate Change Response Act 2002 sets New Zealand's framework for reducing emissions

When New Zealand ratified the Paris Agreement in 2016, it committed to joining a global effort to limit temperature rise to 1.5°C above pre-industrial levels. In 2019, Parliament amended the Climate Change Response Act 2002 (CCRA) setting the target of reaching net zero GHG emissions by 2050 (except for biogenic methane).

In 2022, the first three emissions budgets were gazetted as outlined in Table 1 below. The Climate Change Commission (the Commission) is due to advise the Government on the fourth budget by 31 December 2024. This budget will cover 2036 to 2040.

Table 1 Emissions budgets

Time period	Level of permitted emissions (carbon dioxide equivalent, all sectors)
Emissions budget 1: 2022-2025	290 Megatons CO_2-e
Emissions budget 2: 2026-2030	305 Megatons CO_2-e
Emissions budget 3: 2031-2035	240 Megatons CO_2-e

New Zealand's overall emissions reduction success is likely to rely on transport meeting its potential to decarbonise

As well as recommending the first three emissions budgets, the Commission's analysis included a "demonstration pathway", which outlined how New Zealand could stay within the emissions budgets and successfully reach net zero by 2050. This pathway informed the development of expected contributions from different parts of the economy. While not legislated, the Government adopted these as sub-sector targets to enable sectors to track progress and manage 'unders and overs' between sectors while staying on track to meet the overall target.

Transport is one of New Zealand's largest sources of GHG emissions, producing 40% of domestic CO_2 emissions and 17% of total domestic GHG emissions in 2021. Between 1990 and 2021, transport emissions rose approximately 69%, faster than any other sector. The Commission identified transport as a sector with the potential to be almost fully decarbonised by 2050 and make large reductions, especially from the third emissions budget period (2031-2035) onwards (see Figure 4 below). New Zealand's overall emissions reduction success is likely to rely heavily on transport realising this potential.

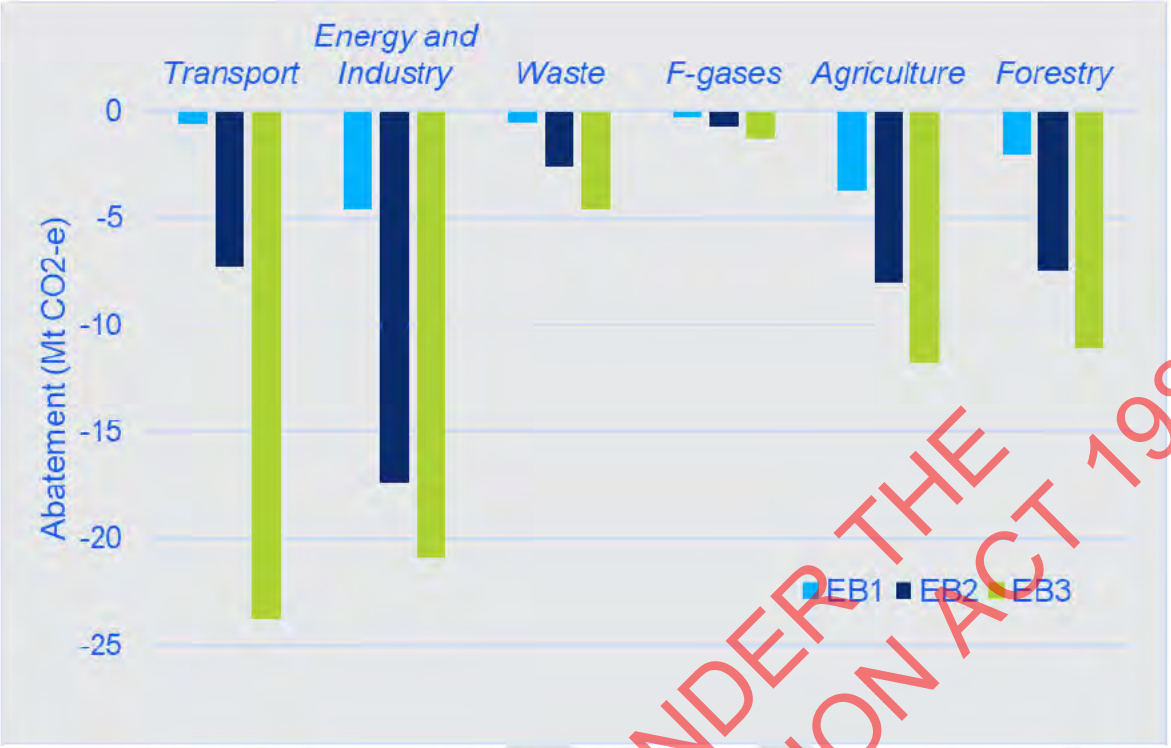


Figure 4 Additional emissions reduction needed relative to the baseline to meet subsector targets in ERP1

Source: Climate Change Commission 2023 draft advice to inform the strategic direction of the Government's second emissions reduction plan

The transport sector is delivering on the first Emissions Reduction Plan

The Government's approach to emissions reduction in the first emissions budget period was set out in the first Emissions Reduction Plan (ERP1), published in May 2022. ERP1 sets focus areas, targets and specific actions to be taken between 2022 and 2025 to reduce transport emissions in line with the transport sub-sector target.

Officials are working to implement the actions in ERP1 by the end of 2025.

Current estimates suggest transport is likely to stay within its sub-sector target and meet its expected contribution to reducing emissions during the first emissions budget period. However, these estimates assume certain policies underway to reduce transport emissions continue and incorporate recent data reflecting lower-than-expected rates of travel. This decline in travel is not fully understood and a range of factors are likely to have contributed, including migration, cost of living, and changing travel patterns post-COVID-19. Therefore, caution should be applied when assuming this trend will continue.

Work is underway to develop the second Emissions Reduction Plan

As shown in Figure 4, a considerable jump is required in emissions reductions from transport from the first to second emissions budget period, and again from the second to the third to stay within current sub-sector targets.

Work is underway within the Ministry and across government to develop the second Emissions Reduction Plan (ERP2), which is due by the end of 2024. ERP2 will need to contain actions that meet the gazetted emissions budget for the second emissions budget period from 2026-2030.

In its draft advice to inform the strategic direction of ERP2, the Commission also advised ERP2 will need to include actions that set the transport sector up for the third emissions budget period.

Agencies are preparing advice about key opportunities and challenges for ERP2 and some indicative content about what could be included. Initial direction will be sought from Ministers with climate responsibilities by the end of 2023.

Meeting the third emissions budget and beyond require significant system changes

Current modelling suggests meeting the third budget for transport (ie, staying within our sub-sector target) will require significant additional effort beyond currently committed policies, as shown in Figure 5. Figure 5 also shows that the transport sector is expected to stay within its sub-sector target for the second emissions budget. However, given the small margin, caution should be applied in interpreting this figure. In particular, the modelling assumes rising prices from the Emissions Trading Scheme, which may vary significantly depending on policy settings.

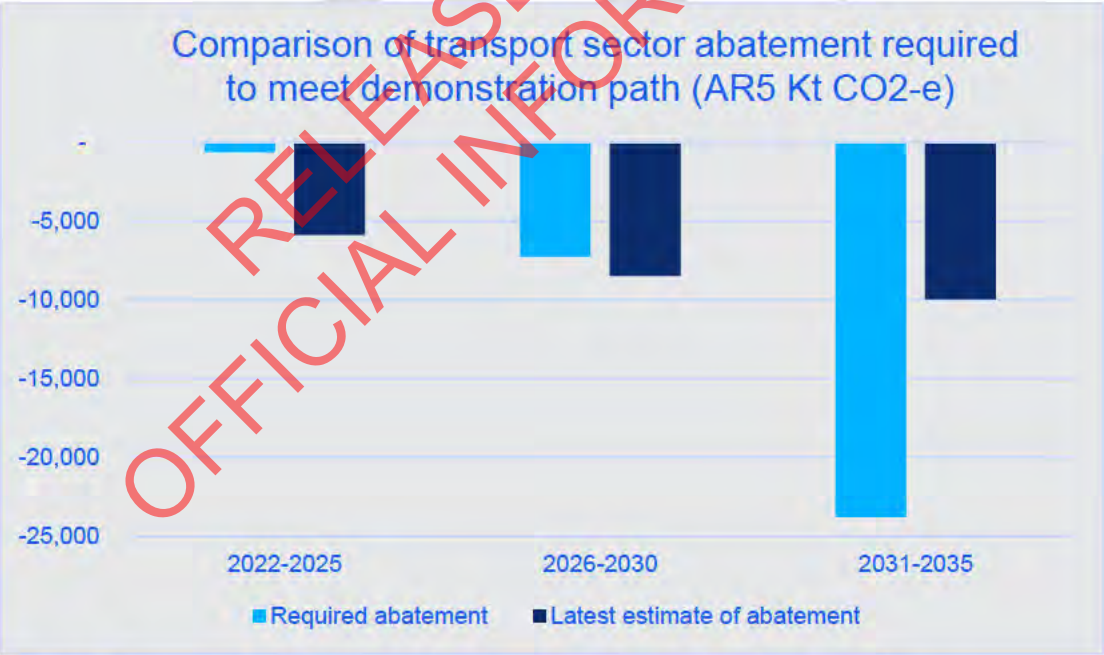


Figure 5 Transport emissions reductions by emissions budget period

Note: Kt CO2-e is kilotonnes of carbon dioxide equivalent. AR5 is the Fifth Assessment Report of the United Nations Intergovernmental Panel

Source: Ministry of Transport

ERP1 placed emphasis on rapidly transitioning the vehicle fleet to low- or zero-emissions vehicles because it is one of the few ways to significantly reduce transport emissions that can be set in motion quickly. As well as making progress on fleet electrification, the first two emissions budget periods are a critical opportunity to lay the foundations for more significant changes to the transport system, including large scale public transport improvements, significant uptake of low emissions heavy vehicles and altered land use patterns that support low emissions transport options in urban areas. Transport emissions reductions could accelerate rapidly from around 2030 onwards if there are the right systemic changes in place and if ETS prices remain high. This is expressed in the Commission's demonstration path in Figure 6.

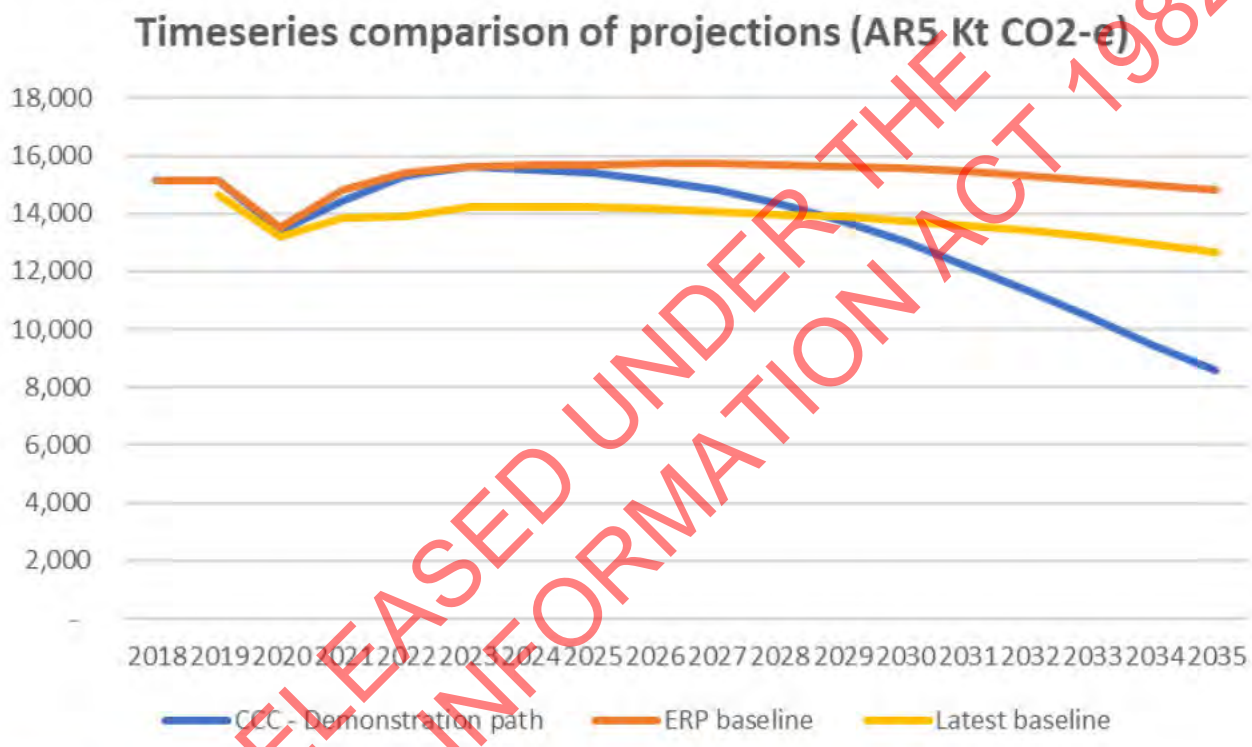


Figure 6 Timeseries comparison of (emissions reduction) projections

Source: Ministry of Transport

Maintaining and growing New Zealand's international connectivity

New Zealand's prosperity is heavily reliant on its connections to the world

International connectivity enables people and goods to move across our borders and is an important contributor to New Zealand's prosperity and well-being.

Most of our imports and exports move by sea - 99.7% of New Zealand's export goods by volume, and 83.7% by value (based on 2019 figures). This makes the maritime sector vital to New Zealand's interests, including ports and the connections to them. Air transport also underpins key sectors in the New Zealand economy, including tourism, international education and high-value freight.

New Zealand's international connections face a changing environment

In its 2023 Strategic Assessment, the Ministry of Foreign Affairs and Trade identified three "Big Shifts" that will shape New Zealand's global strategic context for the next decade — a shift from rules to power, economics to security, and efficiency to resilience.[6] The geo-political environment is becoming less rules based and more volatile, and there is growing risk around the international politics of climate change. These shifts present some risk to New Zealand as a distant trade reliant economy. The emissions from the aviation and maritime sectors are subject to increasingly tighter international standards, and we need to be well engaged to ensure these support New Zealand's carbon emissions and connectivity objectives while not disadvantaging our competitiveness with the world. The international security environment has also become more complex.

Government can help promote efficient supply chains

After COVID-19 highlighted vulnerabilities in our supply chains, the Ministry conducted extensive engagement with supply chain stakeholders to develop a National Freight and Supply Chain Strategy, which was issued on 18 August 2023. Industry stakeholders especially called for:

- better signalling of the Government's long-term plans for supply chain infrastructure
- better consenting and planning that protects key logistic routes and nodes
- a review of the current port system
- improved data collection and availability
- improved ability to transfer across transport modes
- building the workforce for the supply chain of the future.

[6] Ministry of Foreign Affairs (2023). *Strategic Foreign Policy Assessment – Navigating a shifting world.* Wellington.

It is important the Strategy, which supports a stronger and more resilient supply chain, is translated into action. The next step proposed for the Strategy was the development of an action plan. Work priorities were identified around ports and their connections, road freight decarbonisation, freight data, and international connections.

Proposed actions for progress on international connectivity and supply chain issues

The key potential actions we will discuss with you are:

- better collaboration with the private sector, so New Zealand has supply chains that are low emission, resilient, productive, efficient, safe and sustainable. This is likely to involve work on ports and their connections to road and rail, the transition to low emission heavy vehicles and improving freight data collection
- working across government and the aviation sector to develop a national policy statement for aviation and provide a joined-up view on how best to embrace opportunities and address challenges in the sector. A private partnership initiative, Sustainable Aviation Aotearoa, has already begun to accelerate decarbonisation of the aviation sector
- a review of maritime legislation to ensure our regulatory frameworks support an innovative, productive, safe and secure maritime sector.

Developing thriving cities and regions

Resilient, safe and well-connected transport networks are a basic requirement for cities and regions

Cities and regions depend on resilient, safe and well-connected transport networks to have strong economic and social opportunities. These networks enable people to travel to and from work, access services and amenities, and allow businesses to be productive and connect to markets.

Regions need resilient and safe transport networks to enable communities to participate in society and to connect our primary producers to their overseas markets. Well targeted road investment and effective maintenance is critical. Meanwhile, cities need well connected transport networks that allow people to move frequently and reliably while allowing goods and services, including freight, to move efficiently.

Well targeted transport investment, both capital and operational, is critical to sustain these networks. This investment can unlock better safety outcomes, grow the economy and increase productivity benefits for all New Zealanders.

Alignment between transport planning and delivery, land use and infrastructure planning is essential

Delivering effective and efficient transport services, particularly in cities and towns, requires the alignment of transport planning, funding, and delivery with land use, regulation, urban development, and infrastructure provision. Given the shared responsibilities between central and local government, national and local priorities often need to be reconciled to help meet statutory and regulatory requirements, realise shared goals, and improve certainty.

Improving long-term, integrated planning across transport and other sectors will deliver better outcomes and provide greater certainty for government, the private sector and the community. However, there are challenges in achieving this integration, such as the numbers of decision-makers involved, the planning horizons for delivering transport solutions, and the complexity of the projects.

City and regional deals are a potential way to deliver integrated transport solutions

To provide greater certainty and to better prepare for and manage growth, high-growth cities and regions have developed spatial plans under Urban Growth Partnerships[7]. These partnerships include local government alongside central government agencies and mana whenua. However, the challenge with spatial plans is that there is no guaranteed funding pathway for the major transport and infrastructure projects identified. Once identified, these projects often need to use existing funding mechanisms and decision-making processes to make progress. Combined with the need to fund maintenance and renewal of existing assets, these projects often require decision-makers to make difficult investment trade-offs.

For example, there is currently no funding pathway, firm timeframes, or clear prerequisites (such as the inclusion of intensification), for most of the proposed rapid transit projects. This uncertainty means there are risks around the ability of these projects to deliver their proposed public benefits.

City and regional deals are another way to coordinate the multiple planning, funding, and regulatory approvals necessary to progress agreed upon transport, infrastructure, and urban development projects. This could include considering ways to incentivise partners to take a more co-ordinated approach to project delivery, develop innovative funding models, leverage local government land use and funding tools, while also working together to address the risks the partners face from entering long-term funding commitments. Achieving success from these deals will likely be challenging given the constrained funding environment and the range of existing funding tools currently available.

New Zealand has built up experience with these types of arrangements. This experience has underscored the importance of clarity on funding, roles and responsibilities and governance arrangements. Lessons can also be found internationally as these deals are used in other countries including the United Kingdom, Canada and Australia to support integrated programme delivery.

7 The Urban Growth Partnerships have developed spatial plans for Auckland, Wellington, Hamilton, Tauranga, Christchurch, and Queenstown

The Ministry can provide further advice on urban development and city and regional deals

The Ministry can provide you with further information and advice on opportunities for Ministerial collaboration, better planning, and city and regional deals. As these agreements require the input of different portfolios, work would be needed with other Ministers to determine their scope and to ensure they are set up to be effective in a New Zealand context. In the past, cross-portfolio Ministerial forums for urban development and infrastructure have encouraged government agencies to work together on policy development and delivery and ensure joint accountability.

A strong Auckland transport system

Auckland is critical to achieving New Zealand's goals

Auckland is home to one third of New Zealand's population, contributes 38% of the nation's GDP, and according to Statistics NZ, is projected to account for around 39% of New Zealand's population growth between 2018 and 2048.

Investment needs to be prioritised and sequenced

Auckland requires transport investment in roads, public transport and active transport to help lift productivity, which is not at the levels that might be expected of our largest city. Along with investment, interventions such as congestion pricing and better integration of transport and land-use are required to achieve outcomes and manage affordability. Congestion pricing in Auckland will raise some revenue but its value is in improved productivity and potentially deferring some capital spending.

Investment has to be prioritised across maintaining and renewing the transport system, public transport services, and completing roading projects, including Penlink and Mill Road. Business case work is also underway on a range of major projects, including the northwest and city centre to Māngere corridors, as well an additional crossing over Waitematā harbour.

There is a lack of consensus on the best way to proceed with these projects, and how work should be prioritised and sequenced. We believe it is not feasible to progress these projects concurrently, and choices need to be made over the 10 and 30 year horizons. Within the limited funding and delivery capacity available, you may want to consider the balance between high volume and high-cost options, such as light or heavy rail, and lower volume but faster to deliver options, such as busways.

Reaching agreement with Auckland Council on the sequencing of investments in Auckland over the longer-term is a priority. One way to achieve this is by continuing to work on the Auckland Transport Alignment Project (ATAP). Since 2016, ATAP has been New Zealand's most mature 'city deal'. The Minister of Transport and Mayor of Auckland are political sponsors of ATAP and a Governance Group of Chief Executives provides oversight and governance.

Rapid public transport is integral to improving Auckland's public transport network

Auckland's future public transport network will have to be much larger than it is today to support reduced congestion and emission reduction goals. Rapid transit will be needed to move people in a fast, frequent and reliable manner. While there have been some recent setbacks with the rail rebuild and bus driver shortages, Figure 7 shows public transport patronage was increasing before COVID-19, from 84 million boardings in 2016 to a peak of just over 100 million boardings at the end of 2019. Patronage then declined significantly with COVID-19 and has recovered to around 75 million boardings in September 2023. Patronage can be further improved by reinstating services, including rail, increasing frequency and reliability on the current bus network and extending coverage, particularly to some of the lower income areas where access to public transport is poor.

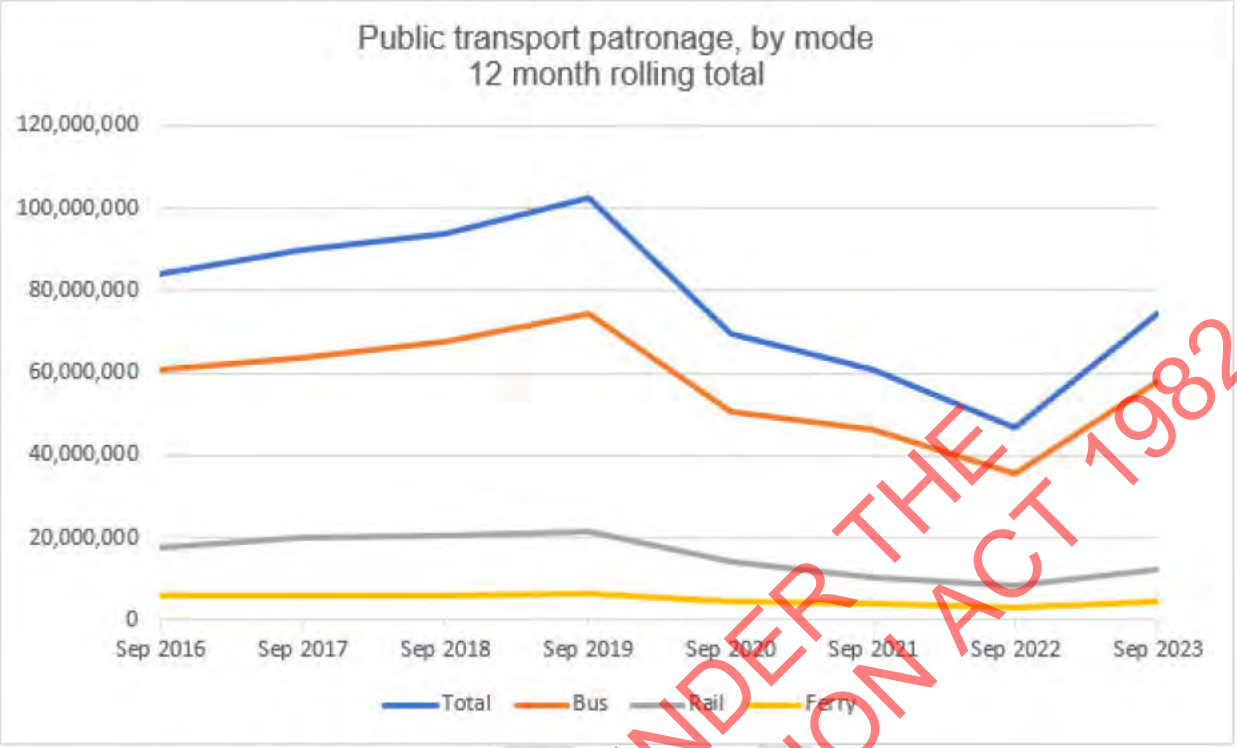


Figure 7 Auckland Public Transport Patronage

Source: Auckland Transport

Rapid transit successes have been the northern busway and passenger rail, post electrification. The City Rail Link and Eastern busway are well into construction and will support further patronage growth in the short term. Work on a 30-year plan for rail investment in Auckland is also well advanced, and it will be important to prioritise initiatives that get the most out of the investment in the City Rail Link (CRL).

The joint Government/Auckland Council Transport Plan needs to be completed

The long-term Auckland Integrated Transport Plan has been the key piece of work progressed under the ATAP structure over 2023. We will seek your guidance on the next steps for completing the Plan.

Rapid transit projects being delivered or planned

The following projects are all major rapid transit projects being delivered or planned in Auckland.

City Rail Link

Most construction work is now complete, and the focus is on integrating CRL with the Auckland network and testing readiness for operations. CRL is expected to be open to passengers in 2026.

The Ministry monitors the work of the delivery company, City Rail Link Company (known as CRLL) and advises on broader investments needed to realise the benefits of the project. CRL is funded 50:50 by the Crown and Auckland Council. You are a joint sponsor of the work along with the Minister of Finance and Auckland Council, represented by Mayor Brown.

Auckland Light Rail

Auckland Light Rail (ALR) is the proposed solution for an integrated urban and transport project along the city centre to Māngere corridor. A Crown entity company, Auckland Light Rail Limited (known as ALRL), was established in October 2022. The Ministry monitors the work of the company and supports the Sponsors Group, which you chair.

With the incoming Government's commitment to cancel the project, it will be a priority for the Ministry to seek your direction on the future of the project.

Waitematā Harbour Connections

Waka Kotahi has developed an indicative business case on a recommended option including roading, rapid transit and cycling connections. You have a role in setting direction for the work and ultimately deciding whether to take the project forward through Cabinet. There is a lack of consensus on the priority for this project, and the Ministry believes the work would benefit from a confirmation of investment objectives, reflecting the Government's priorities for the project, and clearer identification of the key problems and interventions required to address these. This includes considering lower cost options as an alternative to expensive asset-based solutions.

North West Rapid Transit

The North West corridor has been identified as a high-priority rapid transit corridor for Auckland. Interim improvements are underway, including new bus stops, interchange enhancements, and extended bus lanes on SH16. Waka Kotahi is starting a detailed business case on a permanent rapid transit system. This corridor is a priority for the Mayor of Auckland, and the Ministry expects it to be raised as part of your discussions on the Auckland Integrated Transport Plan.

Building a resilient transport system

The transport system connects New Zealanders but is vulnerable to shocks and disruptions

The transport system is vulnerable to shocks and disruptive events (either natural or human). New Zealand has transport corridors in steep valleys, alongside coastlines, and across rivers and floodplains. Many communities are in remote areas or have limited routes connecting them to the rest of New Zealand. In recent years, New Zealand has experienced climate change related severe weather events like Cyclone Gabrielle and natural disasters like the Christchurch and Kaikōura earthquakes in 2011 and 2016 respectively.

Transport services can also be disrupted by other vulnerabilities. Parts of the transport system rely on highly trained workforces that are susceptible to staff shortages, for example, maritime pilots, air traffic controllers, ground handlers, airport rescue fire services, and bus and train drivers. The aviation system relies on imported jet fuel, which, if it fails quality testing on arrival into the country results in disruptions to aviation operations. We also need to manage the transport system's susceptibility to security threats from malicious actors.

A lack of resilience drives extra costs into the transport system

Being resilient is the ability to anticipate and manage disruptive events, minimise their impacts, and respond and recover effectively. Failing to invest in a resilient transport system creates the risk of unnecessary social disruption and economic costs. Failure to prepare also increases the costs and time to reinstate critical transport connectivity to affected communities. Shocks from natural disasters, such as the Christchurch and Kaikōura earthquakes, alongside the increasing frequency and severity of weather events caused by climate change, result in significant financial, social and economic costs to restore transport networks.

The Ministry is working to enhance the resilience of the transport system

The Ministry uses its leadership role across strategic policy and operational work to build transport system resilience into wider system reforms and work programmes. The Ministry works to ensure a broader 'New Zealand Inc' perspective is applied to managing transport system risks and in building better transport system resilience. This includes using an agreed national framework, together with the transport Crown entities, to manage risks.

Resilience work includes:

- involvement in the National Security System reforms, and membership of the Counter-Terrorism Coordination Committee, Major Events Security Committee, and the National Security Board (as the Strategic Coordination Agency for maritime security)
- involvement in the Emergency Management System reforms, including emergency and catastrophic planning, and the current emergency management and the Critical National Infrastructure work programme led by the Department of Prime Minister and Cabinet.

- involvement in climate change work programmes, including the Resource Management System Reforms, National Adaptation Plan, Emissions Reduction Plan, and membership of the Climate Change Interdepartmental Executive Board
- connecting the transport system into operational readiness, response, and recovery activity through its role as Chair of the interagency Transport Response Team, which is the Sector Coordinating Entity for the transport system in an emergency.

As the Minister of Transport, you have an important role in enhancing transport system resilience

You can play a role in enhancing the resilience of the transport system by:

- maintaining relationships across the sectors identified so the perspective of the transport sector is given due weight in government's wider resilience-related work
- engaging with your Ministerial colleagues on legislative programmes that cut across the transport system, such as the Emergency Management reforms, Climate Adaptation Bill, and Resource Management reforms
- engaging with other Ministers to address specific resilience issues (eg, the availability of RNZAF Base Ohakea and jet fuel supply chain issues)
- making decisions on further investments via the National Resilience Plan.

A productive, safe and secure transport system

Travel needs to be safe and secure, and incorporate new technology

Travel needs to be as safe and secure as it can be, whether by road, rail, aviation or maritime. People should not be harmed and should feel confident when using the system.

Our transport regulatory frameworks help deliver safety and other transport outcomes. Those frameworks depend on the work transport agencies do to enforce and implement them and are significantly shaped by international obligations, standards and recommended practices.

However, parts of these frameworks need to be updated or revisited. The safety issues and approaches to regulation in each sector vary and we need to make sure the regulation applied in each sector is doing its job.

A more challenging economic outlook and fiscal position means there is added emphasis on ensuring all aspects of our regulatory systems deliver value for money and support increased productivity. For example, out-of-date regulatory requirements impose unnecessary costs on firms and individuals, which harms New Zealand's productivity.

The frameworks must also enable and adapt to novel technology, such as driverless vehicles/craft (eg, unmanned aircraft and autonomous vehicles), different fuel types (eg, sustainable aviation fuel, hydrogen) and different types of craft (eg, drones). Introducing still evolving technologies is a major challenge for policy makers and regulators. The beneficiaries of these technologies (the investors, manufacturers and consumers) often do not bear the full costs of their risks, which are borne by society at large. Appropriate regulatory approaches can help build the confidence of consumers to use new technology and encourage firms to invest in their development and deployment.

Therefore, it is crucial to have a regulatory system that provides the framework and permissible set of conditions under which decisions can be made on important features of transport markets such as entry, pricing, access obligations and quality or conditions of service. New Zealand has an opportunity to be internationally competitive in this area.

Improved road safety requires sustained, long-term effort to deliver interventions across all parts of the system

Roads are used by just about everyone in New Zealand, and usually on a daily basis. Provisional figures show that 374 people were killed in road crashes in 2022, with 2,470 people suffering serious injuries.[8] The social cost of road trauma is estimated to be almost $10 billion a year. Our rate of road deaths is also significantly higher than many other jurisdictions New Zealand compares itself to, as indicated in Figure 8 below.

Figure 8 Road deaths per 100,000 inhabitants (2022)

Source: Ministry of Transport

Sustained effort is required to reduce the number of people being killed or seriously injured on our roads.

New Zealand has followed the safe system approach for the past 15 years, which is recognised by institutions, such as the OECD and the World Bank, as the most effective approach for road safety. A safe system approach means improving the safety of all parts of the system – roads and roadsides, speeds, vehicles and road user behaviour – so that if one part fails, other parts will work to protect people if they are involved in a crash. Progress in all areas is still needed to reduce deaths and serious injuries on our roads. However, you can choose to place more emphasis on interventions in some areas rather than others.

New Zealand has made initial progress in road safety, but there are significant opportunities for improvement in delivery

The current *Road to Zero* road safety strategy has targets for reductions in deaths and serious injuries. There has been progress in all areas. For example, Police have increased their enforcement activity in the last 12 months, with an additional one million alcohol breath tests conducted over the previous year.

Where safe system interventions have been implemented in New Zealand as part of the current strategy, there is evidence of a reduction in deaths and serious injuries. Statistically robust, full evaluations of these interventions have not been possible, as many of them have only been in place for two to three years. However, initial evidence indicates, at least, the planned reduction in deaths and serious injuries will be achieved.

[8] Serious injuries are defined as fractures, concussions, internal injuries, crushings, severe cuts and lacerations, severe general shock necessitating medical treatment and any other injury involving removal to and detention in hospital.

For example, in the first two years following changes to speed limits on SH6 Blenheim to Nelson and other infrastructure improvements, deaths and serious injuries have reduced by approximately 80%, while the average journey time has increased by approximately four minutes over the 110km length of road. Installing median barriers on SH2 Waipukurau in 2020 has seen a 100% reduction in deaths and serious injuries.

COVID-19 slowed delivery of initiatives and there have been other challenges, which have impacted the scale and pace of implementation.

Public acceptance of some of the actions in the strategy has been limited, with concern expressed about:

- the public advertising and associated messaging, particularly with the ethical underpinning of "vision zero" in the strategy, getting confused with the actual target for reducing deaths and serious injuries by 40% by 2030
- some focus areas, such as the extent of speed reductions proposed.

Given these challenges, the Ministry has started reviewing the approach to road safety. We are preparing more in-depth advice on the impacts different initiatives will have on reducing deaths and serious injuries to assist you as you consider the strategic direction you wish to take for road safety. The Ministry would welcome the opportunity to discuss your expectations, including the interventions you want to focus on.

Rail safety requires clear regulatory frameworks and investment

Rail safety needs clear regulatory frameworks and strong oversight to provide the required level of safety assurance. After recent investment and growth, the risk profile of rail has increased. There have been several rail safety incidents involving fatal and serious injuries, and recent reviews into the Auckland and Wellington metro systems have highlighted the need for system improvement and the need for the rail regulator to rigorously address risks.

Waka Kotahi has primary regulatory responsibility for rail safety in New Zealand. Waka Kotahi has a critical regulatory role in assuring stakeholders and the public that the country's rail networks are being managed safely. This is achieved through regulation of the rail industry in accordance with the Railways Act 2005. The Transport Accident Investigation Commission also plays an important role through independent investigation inquiries into rail accidents and incidents, and making recommendations that can identify opportunities to improve rail safety.

Emerging transport technology requires regulation to be updated

The Ministry is responsible for providing advice on how existing regulatory frameworks can be adapted so emerging transport technology is safely integrated into the transport system. Increasingly, innovative uses of technology offer potential economic, environmental and social benefits. New Zealand should provide an enabling environment for innovators to support economic growth in areas like the aerospace industry, lift productivity through innovation, lower emissions and improve other environmental outcomes.

The Ministry has developed an Enabling Drone Integration package to enhance the regulatory framework for drone operations, and as a building block for supporting autonomous aviation, which need to be able to operate safely in the same airspace as traditional manned aircraft. We will provide you with further advice on the proposed package of measures.

The land and maritime sectors also face similar issues, including automation. In the land transport sector, for example, substantial modernisation of the vehicle standards framework is likely to be necessary to meet disruptive changes across environmental, safety and future transport domains.

The Ministry and transport agencies are alert to the real possibility that innovations, like artificial intelligence, may seriously disrupt the way transport operates or is regulated. Active monitoring of these developments and adapting our regulatory approach is crucial.

A review of maritime legislation is needed

Maritime transport is a critical part of our economy, with most of our imports and exports moving by sea. As an island nation, New Zealand relies on ferries to transport commuters, tourists, and domestic travellers between islands. Boating is also an important part of our culture with over 1.9 million people taking part in recreational boating in 2020.

Maritime activity can be dangerous and risks of large scale maritime incidents are increasing. Vessel quality is declining and severe weather events are increasing at the same time. As well, the increased uptake of recreational boating and the numbers involved pose risks in that sector. The 10-year average for recreational boating fatalities is 18 people a year[9]. Fatalities occur throughout the country, and most are associated with falls overboard, a vessel capsizing or flooding. Many Transport Accident Investigation Commission and coroner reports have found fatalities might have been prevented if users had demonstrated the requisite knowledge and skills or lifejackets had been worn.

Safe navigation is as critical in the maritime space as on land. Maritime incidents not only endanger human lives, but also the environment and the economy, as the ***Rena*** disaster demonstrated. The accessibility of the sea to recreational boating means recreational boating and commercial shipping operate in very close proximity to each other.

As discussed in the chapter on international connectivity, the Ministry and Maritime New Zealand have started scoping a possible review of primary maritime legislation, which is ageing and no longer works well. For example, the legislation does not easily accommodate new technologies, such as new fuels or autonomous vessels. This creates costs and barriers for innovators. The legislation provides inadequate tools to effectively manage maritime incidents (including risks from poor quality vessels) or the increasing variety of threats to maritime security posing risks to safety, the environment and supply chains.

The existing system also creates confusion around the differing roles of national and local regulation and suffers from complex and outdated requirements. Legislative reform could provide a range of practical benefits for New Zealand and has strong support from the maritime sector.

[9] Maritime New Zealand (September 2023). *Recreational Craft Fatal Accidents: 2022 Update*. Wellington.

Proposed actions to progress transport safety and other regulatory issues

The Ministry can provide you with any further information you require on these areas of transport system regulation and safety. In the shorter term, we would like to discuss with you:

- our advice on reframing the approach to road safety
- taking a package of drone policy decisions to Cabinet
- the review of maritime legislation
- our regulatory activities and the Ministry's work to help position New Zealand for future technological developments like drones and automated vehicles.

Glossary of terms and abbreviations

ACC	Accident Compensation Corporation
ALR	Auckland Light Rail
ALRL	Auckland Light Rail Ltd
ATAP	Auckland Transport Alignment Project
BIM	Briefing to the Incoming Minister
CCRA	Climate Change Response Act 2002
CO_2	carbon dioxide
CO_2-e	carbon dioxide equivalent
CRL	City Rail Link
CRLL	City Rail Link Limited
ERP1	First Emissions Reduction Plan
ERP2	Second Emissions Reduction Plan
FED	Fuel Excise Duty
GHG	greenhouse gas
GPS	Government Policy Statement on land transport
LTMA	Land Transport Management Act 2003
NLTF	National Land Transport Fund
NLTP	National Land Transport Programme
PPPs	Public Private Partnerships
RUC	Road User Charges
the Commission	Climate Change Commission
the Minister	Minister of Transport
the Ministry	Ministry of Transport Te Manatū Waka
Waka Kotahi	Waka Kotahi NZ Transport Agency

Briefing to the Incoming Minister (Strategic)

Your guide to the strategic opportunities and challenges in the transport system

transport.govt.nz

Te Kāwanatanga o Aotearoa
New Zealand Government

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Briefing to the Incoming Minister (Strategic) | He pepa whakamōhiotanga mō te Minita

Ministry of Transport Te Manatū Waka

November 2023

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Foreword

Tēnā koe Minister, and congratulations on your appointment as Minister of Transport.

The Ministry of Transport (the Ministry) has a key role to provide you advice on the decisions needed to sustain the transport system and help achieve your transport priorities.

Transport moves people to work or school to connect them with family, friends and communities, and shifts materials, goods and services around New Zealand and to and from the world. New Zealand's transport system enables the social and economic prosperity of our cities, towns and rural communities.

The transport system also has wider social impacts, including road deaths and serious injuries, air and noise pollution that affects the health of the general population, as well as producing a significant proportion of New Zealand's greenhouse gas emissions.

This year, we have seen extreme weather events impacting communities and transport networks across the country. The Auckland Anniversary floods and Cyclone Gabrielle caused lasting damage to communities and vital infrastructure.

Increasingly, our cities and towns are facing funding pressures, driven by the demand for new or replacement infrastructure, of which transport is a major component. We must ensure the transport system is fit for future generations and able to withstand the impacts of extreme weather events.

Addressing these challenges places further pressure on existing funding models. The cost of maintaining the transport system, together with the need for repairs to roading and rail networks damaged by extreme weather events, will need to be balanced with new investment priorities.

The Ministry has been working on the future of the transport revenue system, including the role of additional funding tools, with the objective of providing advice on who should pay for what and how to apply a sharper focus on value for money.

The Ministry works collaboratively with agencies and stakeholders to advance a long-term, integrated approach to the transport system. To create thriving cities and regions the transport sector needs to be more closely joined-up with planning, housing, other infrastructure, and broader funding and financing models.

As a public service department, we have an important responsibility to actively improve outcomes for Māori, to ensure a transport system serves all New Zealanders equitably. A key focus area for everyone at the Ministry is our Hei Arataki strategy, which seeks to identify issues and opportunities for Māori in transport policy design and delivery.

As Minister of Transport, you can make real differences to the lives of all New Zealanders. We look forward to giving you the advice and support needed to put your priorities in place to help advance the nation's transport system.

Nāku noa, nā

Audrey Sonerson Secretary for Transport and Chief Executive

FOREWORD

Glossary of terms and abbreviations

Part One: Enabling New Zealanders to Flourish

Transport is critical for New Zealand's economic, social and environmental health

New Zealand's transport system connects us to work and school, to our whānau, to our communities, to our customers and markets, and to the rest of the world. The smooth and sustainable movement of people and goods throughout the system is critical to our economic, social and environmental health. The transport system is an important contributor to, and enabler of, productivity and economic growth. The system supports other sectors and society's wider goals, such as better and affordable housing, desirable cities to attract skilled and talented people and healthier New Zealanders. The system also has wider social impacts, including producing a significant proportion of New Zealand's greenhouse gas (GHG) emissions, other air and noise pollution that affects the health of the general population and deaths and serious injuries for the people using the system.

The transport system involves millions of journeys every day on extensive networks of public and private infrastructure across New Zealand. These networks connect a population spread-out thinly across regions, but also concentrated in cities, who all need to be well served by the transport system to meet their social and economic needs.

These networks are used by a wide array of vehicles every day, and there are competing demands, including increasingly for use of street and city spaces. New Zealand's environment and geography also mean our critical transport infrastructure is exposed to a broader and more consequential range of potential shocks than many other highly developed countries.

Growing demands on the transport system are creating new challenges

As New Zealand has matured, the demands on the transport system have grown significantly. In the past, the challenge revolved around efforts to grow capacity as activity increased and keeping the system maintained. However, new challenges, especially the need to adapt to, and mitigate the effects of, climate change, call for a fundamental shift in the way New Zealand's transport system operates. The long-lived networks underpinning the transport system need to be planned and funded over the long-term, managed and regulated effectively to support the shift needed.

The land transport system is more expensive to build and maintain

As the land transport system grows, it becomes more expensive to build, operate and maintain. Operating and maintenance costs are making up an increasing share of transport spending. This has taken place in the context of a planning and funding system, especially for land transport, that works well to signal investment priorities and ambitions but works less well to create incentives to spend money efficiently and effectively.

The increase in the financial burden is driven by a range of factors, including cost inflation across the economy, climate events and natural disasters, increased aspiration for investment, a need to consider resilience, and an expanded range of activities being funded. This has led to increased pressure on the available funding and resulted in a range of short-term solutions being put in place, including increased Crown funding and debt.

Ambitions for new investment are growing beyond capacity

Investment in the right transport system at the right time and the right place is an important enabler of increasing New Zealand's economic growth and meeting many of the social and educational ambitions of New Zealanders. Cities need to move large numbers of people and freight quickly and efficiently while the regions need to connect spread-out communities and services, and maintain strong links to well-run ports and airports to move their products to market. Still, investment ambitions are running ahead of the capacity of the revenue system to meet them or the capacity of the construction sector to deliver new projects, especially alongside ambitious programmes in other sectors like water and housing. We need to grow the sector to be able to deliver increased activity and guard against inflation.

Planned expenditure for the next 20 years is nearly double the $10 billion per annum of current investment, and more than four times the size of the National Land Transport Fund. These commitments have not been made based on a system-wide investment plan and have likely driven inefficiencies in the system. The scale of the investment also stretches management capacity. Reduced oversight can exacerbate the risk of cost overruns or delivery failures.

Figure 1 Heavy Civil construction employment

Source: Ministry of Transport

There is a growing urgency to consider the balance between new expenditure and maintaining the system and establishing a more certain and sustainable model for funding transport priorities to meet short term needs and to establish an enduring model for the next decade and beyond. This will involve considering the balance between new expenditure and expenditure to maintain the system and how to apply a sharper focus on value for money. New Zealand must also look to other tools, such as pricing and demand management (eg, congestion charging), regulatory interventions, use of data, and the way transport and land use are considered together.

A new approach to paying for land transport is needed

In the aviation and maritime sectors, the networks are mostly owned and operated by private interests, with some local government investment. However, in the land transport sector, central government plays a lead role in how the system is planned and funded. New Zealand's land transport system has been reliant on a narrow range of user charges (mainly taxes on fuel and charges on diesel and heavy vehicles kilometres travellled) to pay for much of our land transport, including infrastructure, maintenance, public transport operations, and other functions, such as search and rescue.

Over the last two decades, Crown contributions and borrowing have increased as the level of funding from user charges has fallen behind investment ambitions. This, and other factors, have put the system under pressure. Our revenue system does not easily support large, long-term investments. Many of these have a scale of cost that needs to be spread over many years.

We need to decarbonise the transport system

Transport is one of New Zealand's largest sources of GHG emissions, producing 40% of domestic CO_2 emissions and 18% of total GHG emissions. Most transport emissions (92%) come from land transport, with 70% from light vehicles (cars, utes and vans).

The Climate Change Commission has identified transport as a sector with the potential to almost completely decarbonise by 2050 and make large reductions from the third emissions budget period (2031-2035) onwards. New Zealand's overall emissions reduction success is likely to rely heavily on transport realising this potential.

New Zealand's international connections are increasingly vulnerable and uncertain

New Zealand's ability to trade and connect with the world is increasingly influenced by geopolitics, the international politics of climate change and New Zealand's position as the last stop on many international supply chains. Aviation and maritime are emissions intensive industries and, in the coming decades, there will be growing global pressure on these sectors to decarbonise. Market based measures to reduce emissions in these sectors will be important, but they are likely to disproportionately impact New Zealand due to our distance from the rest of the world and a lack of viable alternatives. It is therefore important we work collaboratively with these sectors and support them to decarbonise as quickly as possible. These sectors are increasingly seeking government leadership, involvement and support for measures to enable and support their efficiency and transformation.

New technologies need to be integrated

Transport will need to integrate new advances in technology, including novel craft and new types of fuel. This brings considerable opportunity but also risk. Managing this quickly and safely will require some changes to the transport regulatory system. These changes will help ensure that regulation enables the use of this new technology in a way that does not impose unnecessary costs. Government will also need to continue to work closely with the private sector on how to fund the infrastructure necessary to adopt new technologies. For example, airports and seaports need to consider the infrastructure investment required to support alternative fuels for their users or to power their own operations, such as electrification and hydrogen facilities.

Transport safety and security remains a priority

Improving transport safety and enhancing the security of the transport system remains an issue for New Zealand. While most users can have confidence in the transport they use, improvements can and should be made while new risks and changing technology need to be addressed. For example, proportionally more people per capita are killed on our roads than most other OECD countries. In 2022, the death rate in Australia per 100,000 people was 4.6 while, for New Zealand, it was 7.3 or approximately 58.7% more. As at 5 October 2023, provisional figures for 2022 indicate 374 people killed on the roads. Measures needed to improve road safety require sustained effort from government agencies and social acceptance from those who may be affected by changes.

Safety in the aviation and maritime sectors must also be maintained as new technologies are introduced and it is critical New Zealand continues to effectively implement international security obligations for aviation and maritime to ensure New Zealand remains a trusted destination for airlines and shipping operators.

You can guide and shape the system to meet present and future challenges

How to respond to the challenges and opportunities New Zealand's transport system faces will involve many choices. Over the next decade, New Zealand's transport system will need to evolve to increase its own economic efficiency and support improvement in New Zealand's productivity. The system also needs to significantly reduce emissions, significantly reduce road deaths and serious injuries, and address identified challenges some groups and individuals face when accessing the transport system. The system will also need to further adapt to shocks like severe weather.

While transport decision-making is more demanding than it has been in the past, there are good opportunities to achieve change. As Minister, you can shape the system to make sure all New Zealanders can access safe and efficient transport options, and the Ministry's role is to support you in your efforts.

As the Government's policy lead for transport, the Ministry commits to giving you robust, evidence-based, future-focused advice on the policy, investment, and regulatory settings that provide the best opportunity to achieve your goals. The Ministry's *System BIM* gives further detail on the policy tools and levers available to you, including the role of the Ministry's Transport Outcomes Framework.

Getting your policy priorities in place

The Ministry looks forward to working with you to get your priorities in place. We would like to meet with you as soon as possible to discuss a range of key decisions and critical issues. These include your manifesto priorities, especially for the first 100 days of your administration, legislative requirements, and other priority issues. We will provide you with a list of these issues before your first meeting with Ministry officials.

Part Two: Strategic Opportunities and Challenges

Investing in a high-quality transport system

Challenging economic context

With a challenging economic outlook, increasing risks to long-run fiscal sustainability and cost pressures, New Zealand must make choices about how the transport system will be developed and managed over the next decade and beyond. Government investment, along with other interventions, is needed to create a high-quality transport system for all New Zealanders. However, a good result requires investing in the right things and at the right time, with tight cost control.

New Zealand has been spending more on transport

New Zealand has been spending more on transport, both on new infrastructure and to maintain existing networks. This is driven by a range of factors, including cost inflation across the economy, climate events and natural disasters, increased aspiration for investment and an expanded range of activities being funded. More investment has been going towards public transport and rail, in part to meet broader objectives, such as improving access and reducing emissions. Around 60% of the funding available through the National Land Transport Fund is usually committed to maintenance and providing core services, such as public transport and road policing, and these activities are becoming increasingly costly.

With increased pressure on existing funding models, a range of short-term, ad hoc solutions are being put in place, including increased Crown funding and debt. Existing revenue sources do not keep pace with increasing demand, unless decisions are taken to increase the amount collected. Fuel excise duty is a major source of revenue for the transport system, but will become less certain over time as average fuel efficiency of the vehicle fleet improves due to increased uptake of low emission alternatives and more people choose to travel by other modes.

An ambitious pipeline of projects has either been committed to, or explored, but the funding, scoping and phasing of these projects is still largely to be decided. These projects include Auckland Light Rail, the Strategic Investment Programme (outlined in the draft GPS 2024), and the additional Waitematā Harbour Crossing. If all these projects proceed to construction, the Ministry estimates the total investment in land transport from 2024 to 2034 will be $125 billion, compared to $61 billion in the 10 years from 2013-2023. Analysis from the New Zealand Infrastructure Commission, Te Waihanga, suggests this would materially exceed the capacity of the labour market in Auckland, even under optimistic growth assumptions.

The Government invests in land transport through the National Land Transport Fund and through direct funding

The Government Policy Statement (GPS) sets the Government's priorities for the National Land Transport Fund over a 10-year period. A draft GPS has been out for public consultation and, as a statutory document, must be published by 1 July 2024. Finalising the GPS is essential to drive land transport planning and funding decisions made by both Waka Kotahi and local government.

Waka Kotahi gives effect to the GPS through the three-yearly National Land Transport Programme, which sets out planned activities and projects. Waka Kotahi has statutory authority over what activities and projects are included in the National Land Transport Programme and approved for funding. Regional Land Transport Plans made by Regional Transport Committees, consisting of Waka Kotahi, local government and sometimes KiwiRail, feed into the National Land Transport Programme. This process helps reconcile the different priorities of central and local government.

Separate to the GPS process, the Crown has, at various times, funded additional transport projects through the annual Budget process. These have tended to be larger projects, such as those under the New Zealand Upgrade Programme (eg, Melling interchange, Ōtaki to north of Levin) or the Auckland City Rail Link. These projects may have bespoke delivery and governance arrangements depending on the preferences of the Government. Sometimes, these projects are committed to before the final scope of the project or the full costs are fixed, leading to subsequent trade-offs in scope or unexpected cost increases.

GPS 2024 will set the Government's land transport policy

As well as setting out proposed strategic priorities, the draft GPS outlines the core investment required to maintain the system, the funding available from usual sources, as well as the suggested funding package to address the gap between them. That funding package emphasises the choices to be made in finalising GPS 2024 because it relies on raising Fuel Excise Duty and Road User Charges ($1.4 billion), Crown grants ($2.7 billion), Crown loans ($3.1 billion) and some non-traditional funding sources like the revenue from traffic infringements ($300 million) and the Climate Emergency Response Fund ($500 million).

While the proposed funding package would reduce the pressure over 2024-27, the Ministry expects there will continue to be a gap between expenditure and revenue. The draft GPS 2024 outlines a $4.4 billion decrease in funding over 2027-30 compared to 2024-27.

In these circumstances, the investment proposed in the final GPS must be carefully prioritised, be affordable, and meet your objectives. Expenditure must also be better managed and demonstrate value for money. This includes strong business cases and ensuring there are a broad range of options considered, including options that do not involve capital investment, such as demand management. While there are also choices to generate additional revenue through existing tools, and maybe some newer ones, there will be constraints, especially in the face of upward pressure on the cost of living.

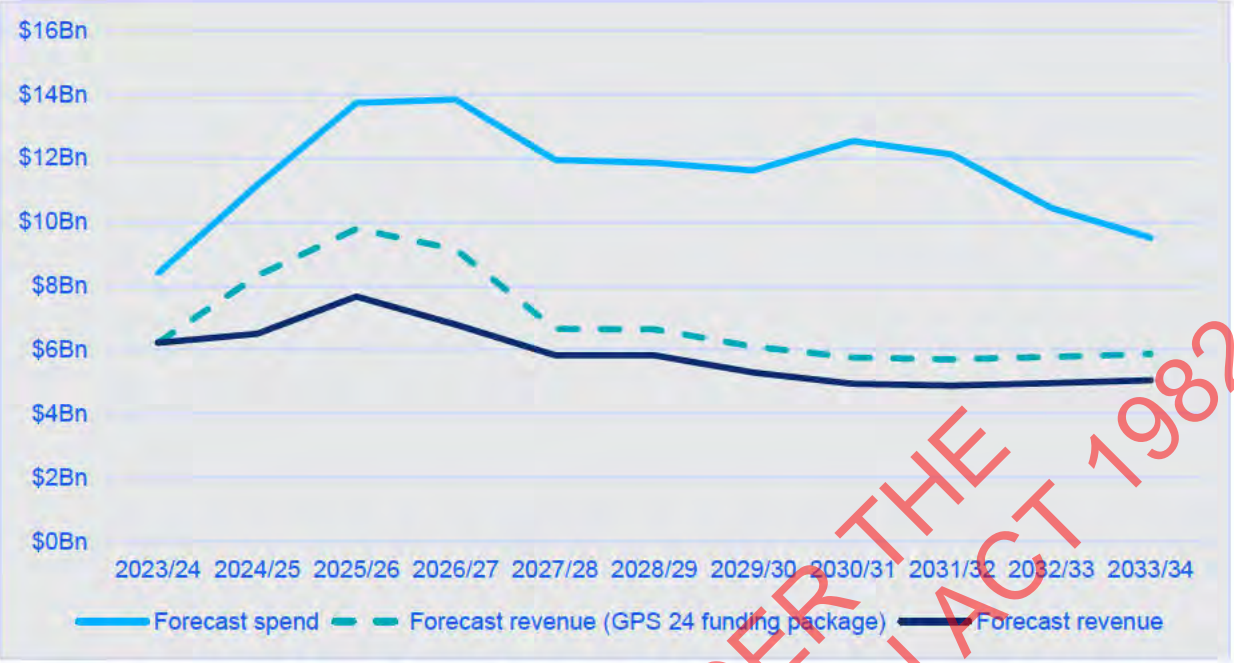

Figure 2 Forecast total expenditure and revenue for land transport (Crown and National Land Transport Fund)

Source: Ministry of Transport

There are fiscal constraints in Budget 2024

With Budget 2024 allowances likely to be constrained, the Ministry is investigating opportunities to reprioritise existing funding towards higher priority initiatives and to find savings.

Ensuring a sustainable land transport revenue system

The existing tools for funding the land transport system, like the distance and weight-based Road User Charges system for diesel and heavy vehicles, are still world leading. Fuel Excise Duty is also an extremely cost-effective and efficient method for collecting revenue from petrol vehicles.

However, these forms of funding are not well suited to very large, lumpy infrastructure investments (eg, mass rapid transit) that have wider social benefits, such as supporting intensification.

Crown funding or debt can play a useful role in meeting transport funding needs. However, practices have varied and this can lead to a lack of clarity about when Crown funding should be used and for what. A more principled and transparent approach would help manage Crown costs and provide more certainty and predictability for Waka Kotahi and cities and regions.

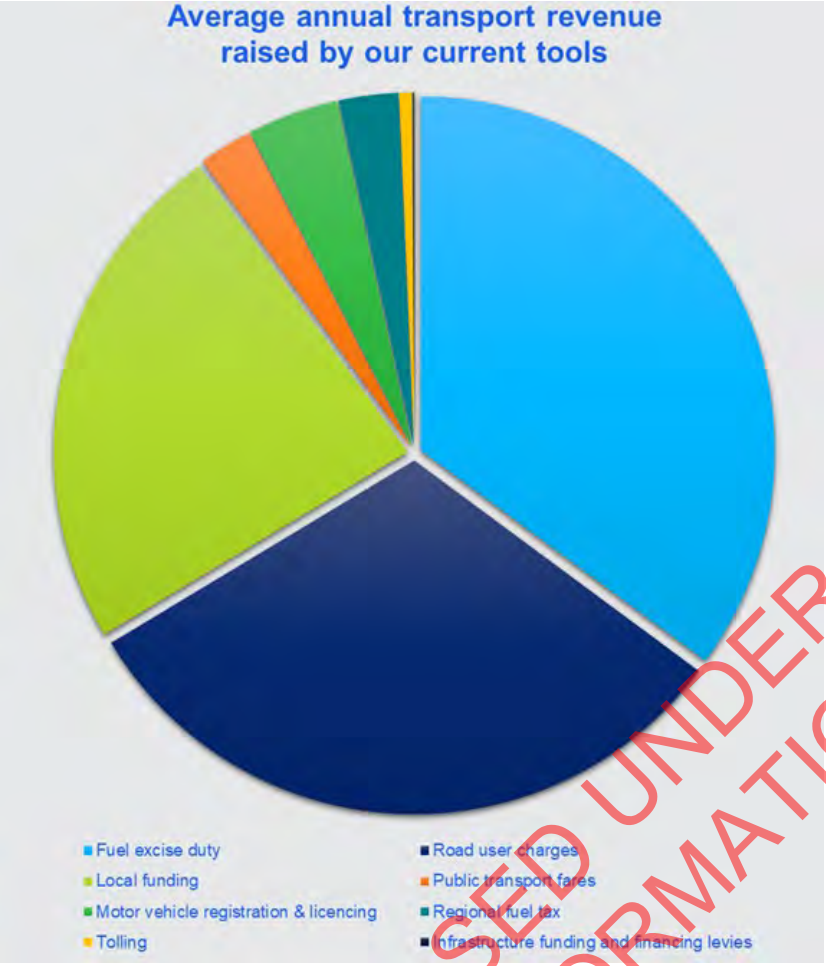

Figure 3 Average annual revenue raised by New Zealand's current tools

Source: Ministry of Transport

The Ministry has been working on what is needed to enhance the transport revenue system, including the potential role of additional tools and providing more clarity on who should pay for what. There are longer-term and shorter-term elements to this work. In the long term, there are opportunities to look at the balance between who should bear the costs of the transport system amongst users, ratepayers, taxpayers and other beneficiaries. What ever approach is chosen, it will need to be predictable, stable and have good levels of public buy-in, as transport costs affect every New Zealander and every New Zealand business.

A transition towards Road User Charges uptake is already underway. The Road User Charges system overcomes the reducing fuel use issues with Fuel Excise Duty, and it may enable a more sustainable stream of funding over time. There are options for extending Road User Charges, including moving all vehicles on to the system or more sophisticated charging approaches that would add time and location-based charging.

While some changes would need to be implemented over the longer-term, there are revenue options that can be progressed in the shorter-term. While such tools would help provide additional revenue, they are unlikely to generate enough revenue to fill expected gaps over the next decade and each option comes with its own risks and challenges. These revenue options include:

Value capture mechanisms

Value capture is under-utilised in New Zealand compared to other countries. Value capture involves recovering or 'capturing' the incremental benefit residential or commercial landowners receive from investments in public infrastructure and the resulting urban development and amenity.

This benefit is usually reflected in higher property (land and building) values. There are a range of levy[1] and uplift-based[2] methods available to both central and local government.

Work to date has highlighted the potential for value capture but also the operational complexities of implementing these mechanisms.

Congestion charging

Congestion charging is mainly used for managing demand, so revenue is not its primary aim. This type of charging sets a higher cost for travelling at peak times, and encourages some users to change the time, route, or way they travel. This can reduce congestion by spreading out use over time and defer the cost of installing new capacity because better use is made of existing capacity.

Congestion charging has been successfully implemented to reduce congestion in cities around the world, for example, London and Singapore. However, schemes have also failed when there were low levels of public acceptability, in part due to concern about equity and a perception congestion charging is only about raising revenue.

There is interest from several of the large metro councils in congestion charging, both to reduce congestion by managing traffic and potentially raise revenue for transport projects. The Ministry expects them to seek your support for legislation. Draft legislation has been developed so could be advanced quickly, although the underlying policy would need to be confirmed in consultation with you.

Tolling

As Minister of Transport, you are responsible for approving tolling schemes under the Land Transport Management Act 2003. s 9(2)(f)(iv)

s 9(2)(f)(iv)

Tolling settings are relatively permissive but tolls can only be applied to "new roads". New Zealand's low traffic volumes, the high administrative costs of collecting tolls and a lack of public acceptance, have limited the widespread use of tolling.

Within these constraints, tolling is being rolled out where a case can be made. However, there are options for new tolling approaches, including variable pricing or tolling existing roads. These would require amending the Land Transport Management Act. For example, Waka Kotahi has been working with Tauranga City and Eastern Bay of Plenty on a proof-of-concept study for variable road pricing.

Tolling options also need to be considered alongside other arrangements, such as congestion charges. In the longer term, shifting to a distance-based Road User Charges system could provide scope to implement variable charging across the network to manage demand more effectively than tolling.

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1 i.e., a one-off charge based on property value increases due to the infrastructure.

2 i.e., a proportion of any capital value uplift is taxed.

s 9(2)(f)(iv)

Making greater use of private capital

In the past, Public Private Partnerships (PPPs) have been used with varying degree of success but have delivered some important lessons. Two roads have been delivered under the PPP model: Transmission Gully and Pūhoi to Warkworth.[4] Compared to other types of PPPs, roading projects are riskier and more complex, largely due to ground and environmental factors, including weather and storm damage.

The ability for PPP consortia to manage risk is critical for the success of the model. How this is done, when procurement processes are heavily weighted towards a low price, will affect the degree to which PPPs are used for roading projects in the future.

If implemented well, there is potential for PPPs to improve services and deliver new infrastructure. Using private finance means more projects can be built sooner than through the conventional "pay as you go" public sector procurement. However, the current PPP model spreads out the costs of these projects over a longer period, which must be managed as a first call against the National Land Transport Fund if not funded from the Crown. Alternatively, the Government could consider whether there is benefit to exploring new arrangements for major projects, including new delivery models that transfer more risk to the operator or include value capture.

You can also choose to involve private equity in the delivery of transport infrastructure. Under this arrangement, the investor would seek long-term control of the asset and would seek greater control over design, construction and operation. However, they may also be prepared to take on a wider range of risks. Investors such as ACC and the NZ Super Fund have shown an interest in these arrangements which may be a good way of approaching wider packages of development in cities. Equity-based arrangements, which are well suited to building new networks, would challenge the transport system's existing ways of operating. This approach requires longer-term planning and funding certainty, with private sector investors able to work with Crown agencies earlier (existing or new) so they can influence design choices and delivery arrangements.

The Ministry will meet you soon to discuss your investment and revenue priorities

The Ministry will seek to meet with you as soon as possible to discuss your priorities and the next steps for GPS 2024, Budget 2024, and the Ministry's revenue work. Clarifying your expectations early will ensure agencies do not commit resources to developing bids unlikely to be supported.

s 9(2)(g)(i)

A net-zero transport system

The Climate Change Response Act 2002 sets New Zealand's framework for reducing emissions

When New Zealand ratified the Paris Agreement in 2016, it committed to joining a global effort to limit temperature rise to 1.5°C above pre-industrial levels. In 2019, Parliament amended the Climate Change Response Act 2002 (CCRA) setting the target of reaching net zero GHG emissions by 2050 (except for biogenic methane).

In 2022, the first three emissions budgets were gazetted as outlined in Table 1 below. The Climate Change Commission (the Commission) is due to advise the Government on the fourth budget by 31 December 2024. This budget will cover 2036 to 2040.

Table 1 Emissions budgets

Time period	Level of permitted emissions (carbon dioxide equivalent, all sectors)
Emissions budget 1: 2022-2025	290 Megatons CO_2-e
Emissions budget 2: 2026-2030	305 Megatons CO_2-e
Emissions budget 3: 2031-2035	240 Megatons CO_2-e

New Zealand's overall emissions reduction success is likely to rely on transport meeting its potential to almost fully decarbonise by 2050

As well as recommending the first three emissions budgets, the Commission's analysis included a "demonstration pathway", which outlined how New Zealand could stay within the emissions budgets and successfully reach net zero by 2050. This pathway informed the development of expected contributions from different parts of the economy. While not legislated, the Government adopted these as sub-sector targets to enable sectors to track progress and manage 'unders and overs' between sectors while staying on track to meet the overall target.

Transport is one of New Zealand's largest sources of GHG emissions, producing 40% of domestic CO_2 emissions and 18% of total GHG emissions in 2021. Between 1990 and 2019, transport emissions rose approximately 80%, faster than any other sector. The Commission identified transport as a sector with the potential to almost fully decarbonise by 2050 and make large reductions, especially from the third emissions budget period (2031-2035) onwards (see Figure 4 below). New Zealand's overall emissions reduction success is likely to rely heavily on transport realising this potential.

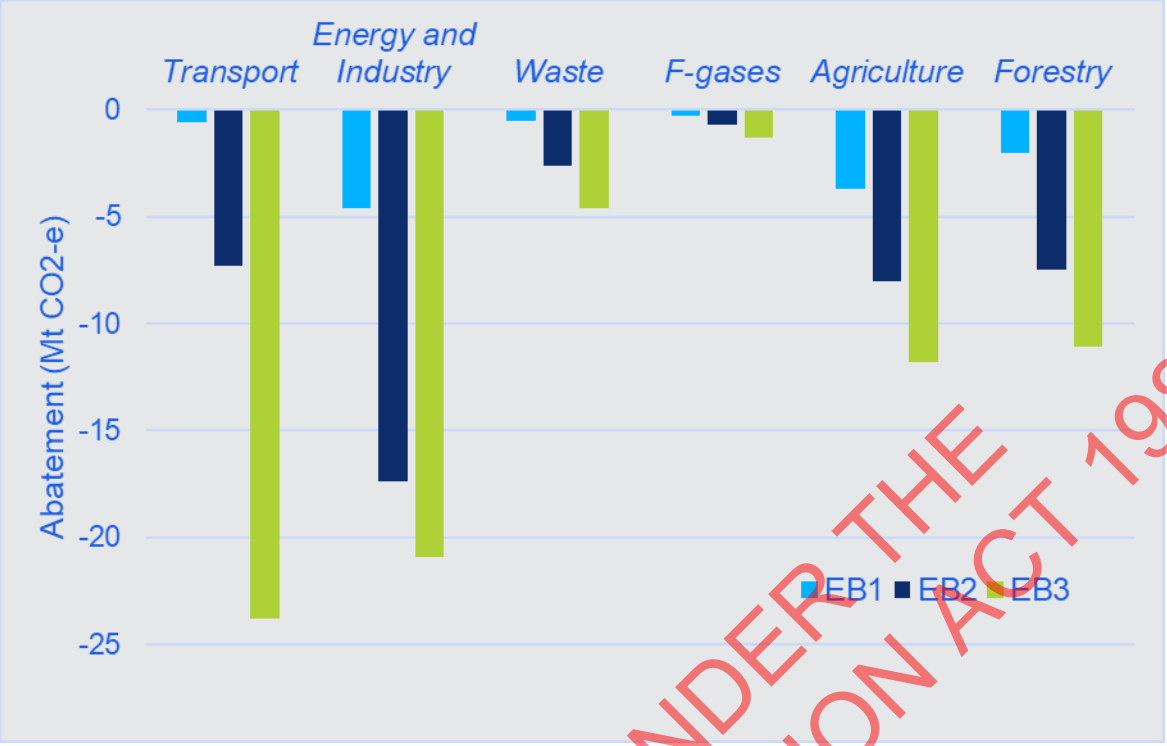

Figure 4 Additional emissions reduction needed relative to the baseline to meet subsector targets in ERP1

Source: Climate Change Commission 2023 draft advice to inform the strategic direction of the Government's second emissions reduction plan

The transport sector is delivering on the first Emissions Reduction Plan (ERP1)

The Government's approach to emissions reduction in the first emissions budget period was set out in the first Emissions Reduction Plan (ERP1), published in May 2022. ERP1 sets focus areas, targets and specific actions to be taken between 2022 and 2025 to reduce transport emissions in line with the transport sub-sector target.

Officials are working to implement the actions in the ERP1 by the end of 2025.

Current estimates suggest transport is likely to stay within its sub-sector target and meet its expected contribution to reducing emissions during the first emissions budget period. However, these estimates assume certain policies underway to reduce transport emissions continue and incorporate recent data reflecting lower-than-expected rates of travel. This decline in travel is not fully understood and a range of factors are likely to have contributed, including migration, cost of living, and changing travel patterns post-COVID-19. Therefore, caution should be applied when assuming this trend will continue.

Work is underway to develop the second Emissions Reduction Plan (ERP2)

As shown in Figure 4, a considerable jump is required in emissions reductions from transport from the first to second emissions budget period, and again from the second to the third to stay within current sub-sector targets.

Work is underway within the Ministry and across government to develop the second Emissions Reduction Plan (ERP2), which is due by the end of 2024. ERP2 will need to contain actions that meet the gazetted emissions budget for the second emissions budget period from 2026-2030.

In its draft advice to inform the strategic direction of ERP2, the Commission also advised ERP2 will need to include actions that set the transport sector up for the third emissions budget period.

Agencies are preparing advice about key opportunities and challenges for ERP2 and some indicative content about what could be included. Initial direction will be sought from Ministers with climate responsibilities by the end of 2023.

Meeting the third emissions budget and beyond require significant system changes

Current modelling suggests meeting the third budget for transport (ie, staying within our sub-sector target) will require significant additional effort beyond currently committed policies as shown in Figure 5.

Figure 5 also shows that the transport sector is expected to stay within its sub-sector target for the second emissions budget. However, given the small margin, caution should be applied in interpreting this figure. In particular, the modelling assumes a rising pricing pathway through the Emissions Trading Scheme, which may vary significantly depending on policy settings.

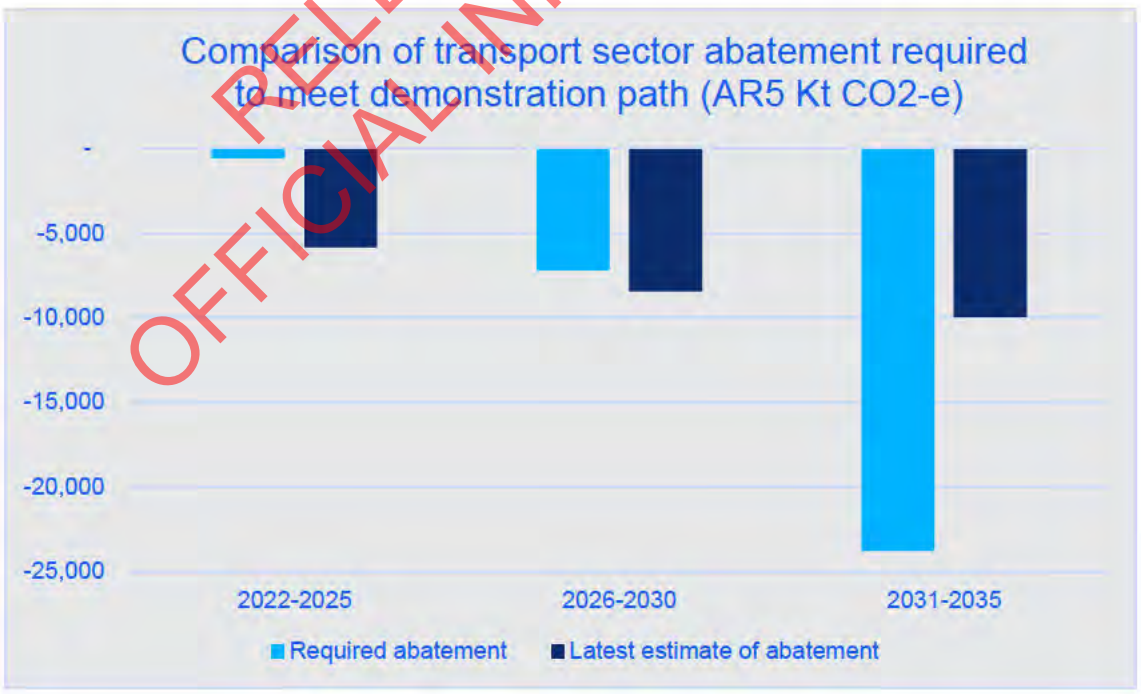

Figure 5 Transport emissions reductions by emissions budget period

Source: Ministry of Transport

ERP1 placed particular emphasis on rapidly transitioning the vehicle fleet to low- or zero-emissions vehicles because it is one of the few ways to significantly reduce transport emissions that can be set in motion quickly. By the time we reach the third emissions budget, we will need to have made much more significant changes to the transport system including large scale public transport improvements, significant uptake of low emissions heavy vehicles and land use patterns that support low emissions transport options in urban areas.

With such systemic changes in place, transport emissions reductions could accelerate rapidly from around 2030 onwards (often referred to as 'bending the curve'). This can be observed in the Commission's demonstration path in Figure 6.

However, as Figure 6 also shows, these systemic changes are not factored into current investment plans for transport. Our latest baseline projection, shown in yellow, reflects expected transport emissions based on committed and funded actions, and suggests more investment and ambition will be required in ERP2 to successfully 'bend the curve' and meet our long term targets.

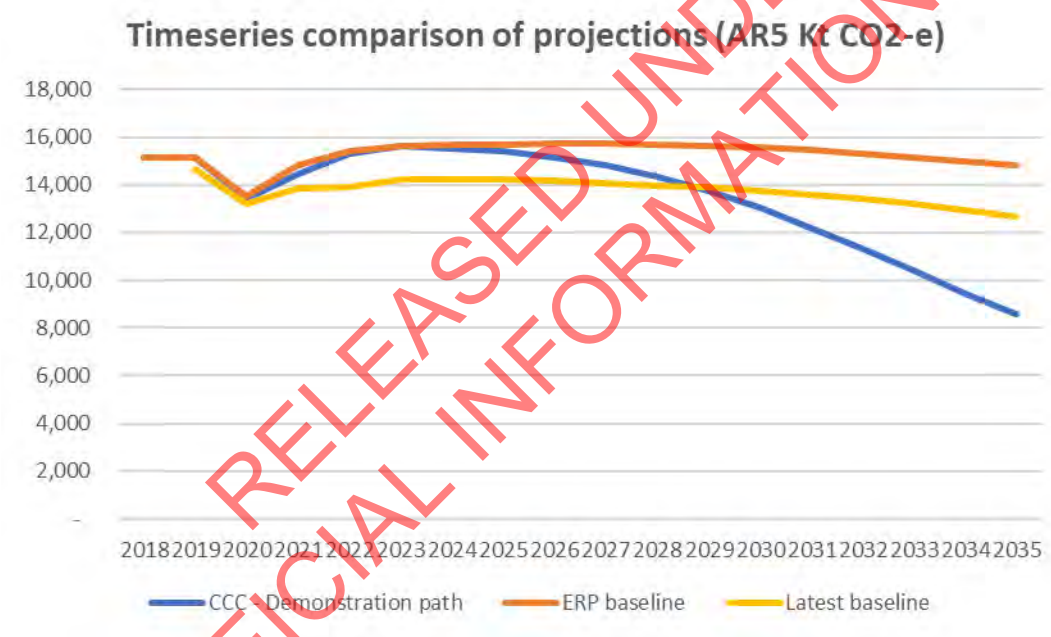

Figure 6 Timeseries comparison of (emissions reduction) projections

Source: Ministry of Transport

Maintaining and growing New Zealand's international connectivity

New Zealand's prosperity is heavily reliant on its connections to the world

International connectivity enables people and goods to move across our borders and is an important contributor to New Zealand's prosperity and well-being.

Most of our imports and exports move by sea - 99.7% of New Zealand's export goods by volume, and 83.7% of its exports by value (based on 2019 figures). This makes the maritime sector vital to New Zealand's interests, including ports and the connections to them. The aviation system also delivers the economic and social benefits of staying connected to each other and the global community. Air transport underpins key sectors in the New Zealand economy, including tourism, international education and high-value freight.

New Zealand's international connections face a changing environment

In its 2023 Strategic Assessment, the Ministry of Foreign Affairs and Trade identified three "Big Shifts" that will shape New Zealand's global strategic context for the next decade — a shift from rules to power, economics to security, and efficiency to resilience[5]. The geo-political environment is becoming less rules based and more volatile, and there is growing risk around the international politics of climate change. These shifts present some risk to New Zealand as a distant trade reliant economy. The emissions from the aviation and maritime sectors are subject to increasingly tighter international standards and we need to be well engaged to ensure these support New Zealand's carbon emissions and connectivity objectives while not disadvantaging our connectivity to the world. The international security environment has also become more complex.

Government can help promote efficient supply chains

After COVID-19 highlighted vulnerabilities in our supply chains, the Ministry conducted extensive engagement with supply chain stakeholders to develop a National Freight and Supply Chain Strategy, which was issued on 18 August 2023. Industry stakeholders especially called for:

- better signalling of the Government's long-term plans for supply chain infrastructure
- better consenting and planning that protects key logistic routes and nodes
- a review of the current port system
- improved data collection and availability
- improved ability to transfer across transport modes
- building the workforce for the supply chain of the future.

It is important the Strategy, which supports a stronger and more resilient supply chain, is translated into action. The next step proposed for the Strategy was the development of an action plan. Work

[5] Ministry of Foreign Affairs (2023). *Strategic Foreign Policy Assessment – Navigating a shifting world.* Wellington.

priorities were identified around ports and their connections, road freight decarbonisation, freight data, and international connections.

Proposed actions for progress on international connectivity and supply chain issues

The key potential actions we will discuss with you are:

- better collaboration with the private sector, so New Zealand has future supply chains that are low emission, resilient, productive, efficient, safe and sustainable. This is likely to involve work on ports and their connections to road and rail, the transition to low emission heavy vehicles and improving freight data collection
- working across government and the aviation sector to develop a national policy statement for aviation and provide a joined-up view on how best to embrace opportunities and address challenges in the sector. A private partnership initiative has already begun to accelerate decarbonisation of the aviation sector
- a review of maritime legislation to ensure our regulatory frameworks support an innovative, productive, safe and secure maritime sector.

Developing thriving cities and regions

Resilient, safe and well-connected transport networks are a basic requirement for cities and regions

Cities and regions depend on resilient, safe and well-connected transport networks to have strong economic and social opportunities. These networks enable people to travel to and from work, and access services and amenities, as well as allowing businesses to be productive and connect to a range of markets.

Regions need resilient and safe transport networks to enable communities to participate in society and connect our primary producers to their overseas markets. Well targeted road investment and effective maintenance is critical to sustain connectivity. Meanwhile, cities need well connected transport networks to be able to move people while allowing goods and services, including freight, to move efficiently.

Well targeted transport investment, both capital and operational, is critical to sustain these networks. This investment can unlock better safety outcomes, grow the economy and increase productivity benefits for all New Zealanders.

Alignment between transport planning and delivery, land use and infrastructure planning is essential

Delivering effective and efficient transport, particularly in cities and towns, requires the alignment of transport planning, funding, and delivery with land use, regulation, urban development, and infrastructure provision. Given the shared responsibilities for delivery between central and local

government, the tension between national and local priorities often needs reconciliation to help meet statutory and regulatory requirements, realise shared goals, and improve certainty.

Improving long-term, integrated planning across transport and other sectors will deliver better outcomes and provide greater certainty. However, there are challenges in achieving this integration, such as the numbers of decision-makers involved, the planning horizons for delivering transport solutions, and the complexity of the projects.

To provide greater certainty and to better prepare for and manage growth, high-growth cities and regions have developed spatial plans under Urban Growth Partnerships[6]. These partnerships include local government alongside central government agencies and mana whenua. Urban Growth Partnerships are also a mechanism for long-term thinking and integration of transport and other infrastructure projects, as well as stakeholder engagement and involvement.

Spatial planning has been a critical tool for supporting integration of transport with the provision of other infrastructure. However, the challenge with spatial plans is that there is no guaranteed funding pathway for the major transport and infrastructure projects identified. Once identified, these projects often need to use existing statutory funding mechanisms and decision making processes to make progress. Combined with the need to fund maintenance and renewal of existing assets, these projects often require decision-makers to make difficult investment trade-offs.

For example, all the Urban Growth Partnership spatial plans include rapid transit services and high-frequency public transport networks, intended to provide a backbone for future large-scale urban developments. However, there is currently no funding pathway, firm timeframes, or clear prerequisites (such as the inclusion of intensification along the proposed rapid transit corridors) to deliver most of these projects. This uncertainty means there are risks around the ability of these projects to deliver their proposed public benefits.

City and regional deals are a potential way to deliver integrated transport solutions

City and regional deals offer a new multi-party approach for central and local government, mana whenua and the private sector to provide greater certainty on transport and other priorities for a city or region. Achieving success from these deals will likely be challenging given the constrained funding environment from existing funding tools. Exploring innovative new funding and financing models to deliver major projects (including through transport pricing tools) will be necessary. Better use of long-term planning instruments to provide certainty and improve integration between land-use and transport, existing funding and financing tools, and existing transport network assets, will also be needed. Independent monitoring of the deals should ensure accountability, while clarity in governance structures will help enable shared understanding of roles and responsibilities, particularly in differentiating between operational and strategic arrangements.

City and regional deals can also serve to coordinate the multiple planning, funding, and regulatory approvals necessary to progress agreed upon transport, infrastructure, and urban development projects. This could include considering ways to incentivise partners to take a more co-ordinated

[6] The Urban Growth Partnerships have developed spatial plans for Auckland, Wellington, Hamilton, Tauranga, Christchurch, and Queenstown

approach to project delivery, while also working together to address the risks the partners face from entering long-term funding commitments.

New Zealand has built up some experience with these types of multi-party arrangements. This experience has underscored the importance of clarity on funding, roles and responsibilities, and governance arrangements. Lessons can also be found internationally as these deals are used in other countries, including the United Kingdom, Canada, and Australia to support integrated programme delivery.

The Ministry can provide further advice on urban development and city and regional deals

The Ministry can provide you with further information and advice on opportunities for Ministerial collaboration, better planning, and city and regional deals. As these agreements require the input of different portfolios, substantial work would be needed with other Ministers to determine their viability and potential effectiveness in a New Zealand context. In the past, cross-portfolio Ministerial forums for urban development and infrastructure have encouraged government agencies to work together on policy development and delivery and ensure joint accountability.

A strong Auckland transport system

Auckland is critical to achieving New Zealand's goals

Auckland is home to one third of New Zealand's population, contributes 38% of the nation's GDP and is projected to account for around 60% of New Zealand's population growth between 2013 and 2043.

Investment needs to be prioritised and sequenced

Auckland requires transport investment in roads, public transport and active transport to help lift productivity, which is not at the levels that might be expected of our largest city. Along with investment, interventions such as congestion pricing and better integration of transport and land-use are required to achieve outcomes and manage affordability. Congestion pricing in Auckland will raise some revenue but its value is in improved productivity and potentially deferring some capital spending.

Investment has to be prioritised across maintaining and renewing the transport system, public transport services, and completing roading projects including Penlink and Mill Road. Business case work is also underway on a range of major projects, including the northwest and city centre to Māngere corridors, as well an additional crossing over Waitematā harbour.

There is a lack of consensus on the best way to proceed with these projects, and how work should be prioritised and sequenced. We believe it is not feasible to progress these projects concurrently and choices need to be made over the 10 and 30 year horizons. Within the limited funding and delivery capacity available, you may want to consider the balance between high volume and high-cost options, such as light or heavy rail, and lower volume but faster to deliver options such as busways.

Reaching agreement with Auckland Council on the sequencing of investments in Auckland over the longer-term is a priority. One way to achieve this is by continuing to work on the Auckland Transport Alignment Project (ATAP). Since 2016, ATAP has been New Zealand's most mature 'city deal'. The Minister of Transport and Mayor of Auckland are political sponsors of ATAP and a Governance Group of Chief Executives provides oversight and governance.

Rapid public transport is integral to improving Auckland's public transport network

Auckland's future public transport network will have to be much larger than it is today to support reduced congestion and emission reduction goals. Rapid transit will be needed to move people in a fast, frequent and reliable manner. While there have been some recent setbacks with the rail rebuild and bus driver shortages, public transport patronage was increasing before COVID-19, from 84 million boardings in 2016 to a peak of just over 100 million boardings at the end of 2019. Patronage then declined significantly with COVID-19 and has recovered to around 75 million boardings in September 2023. Patronage can be further improved by reinstating services, including rail, increasing frequency and reliability on the current bus network and extending coverage, particularly to some of the lower income areas where access to public transport is poor.

Figure 7 Auckland Public Transport Patronage

Source: Auckland Transport

Rapid transit successes have been the northern busway and passenger rail, post electrification. The City Rail Link and Eastern busway are well into construction and will support further patronage growth in the short term. Work on a 30-year plan for rail investment in Auckland is also well

advanced and it will be important to prioritise initiatives that get the most out of the investment in the City Rail Link (CRL).

The joint Government/Auckland Council Transport Plan needs to be completed

The long-term Auckland Integrated Transport Plan has been the key piece of work progressed under the ATAP structure over 2023. We will seek your guidance on the next steps for completing the Plan.

Rapid transit projects are being delivered or planned

The following projects are all major rapid transit projects being delivered or planned in Auckland. City Rail Link is currently being delivered. Auckland Light Rail, Waitematā Harbour Crossing and North West Rapid Transit are all in planning stages and, depending on the mode chosen, could form a new rapid transit network for Auckland.

City Rail Link (CRL)

Most construction work is now complete, and the focus is on integrating CRL with the Auckland network and testing readiness for operations. CRL is expected to be open to passengers in 2026. The Ministry monitors the work of the delivery company, City Rail Link Company (CRLL) and advises on broader investments needed to realise the benefits of the project. CRL is funded 50:50 by the Crown and Auckland Council. You are a joint sponsor of the work along with the Minister of Finance and Auckland Council, represented by Mayor Brown.

Auckland Commuter Rail

Auckland Light Rail (ALR)

ALR is the current proposed solution for an integrated urban and transport project along the city centre to Māngere corridor. Auckland Light Rail Limited (ALRL) is working on a detailed business case. The Ministry monitors the work of the company, provides policy advice on the project and supports the project's Sponsors. You chair the Sponsors Group and it will be a priority to provide direction to the project.

Waitematā Harbour Connections

Waka Kotahi has developed an indicative business case on a recommended option including roading, rapid transit and cycling connections. You have a role in setting direction for the work and ultimately deciding whether to take the project forward through Cabinet. We believe the work would

benefit from a confirmation of investment objectives, reflecting the Government's priorities for the project, and clearer identification of the key problems and interventions required to address these. This includes considering lower cost options as an alternative to asset-based solutions.

North West Rapid Transit

The North West corridor has been identified as a high-priority rapid transit corridor for Auckland. Interim improvements are underway including new bus stops, interchange enhancements, and extended bus lanes on SH16. Waka Kotahi is starting a detailed business case on a permanent rapid transit system. This corridor is a priority for the Mayor of Auckland and the Ministry expects it to be raised as part of your discussions on the Auckland Integrated Transport Plan.

Building a resilient transport system

The transport system connects New Zealanders but is vulnerable to shocks and disruptions

The transport system and our communities and businesses are vulnerable to shocks and disruptive events (either natural or human). New Zealand has transport corridors in steep valleys, alongside coastlines, and across rivers and floodplains. Many communities are in remote areas or have limited routes connecting them to the rest of New Zealand. In recent years, New Zealand has experienced climate change related severe weather events like Cyclone Gabrielle and natural disasters like the Christchurch and Kaikōura earthquakes in 2011 and 2016 respectively.

Transport operations can also be disrupted by other vulnerabilities. Parts of the transport system rely on highly trained workforces which are susceptible to staff shortages, for example, maritime pilots, air traffic controllers, ground handlers, airport rescue fire services, and bus and train drivers. The aviation system relies on imported jet fuel, which if it fails quality testing on arrival into the country results in disruptions to aviation operations. We also need to manage the transport system's susceptibility to security threats from malicious actors.

A lack of resilience drives extra costs into the transport system

Being resilient is the ability to anticipate and manage disruptive events, minimise their impacts, and respond and recover effectively. A transport system that is not resilient increases the costs and time to reinstate critical transport connectivity to affected communities. Shocks from natural disasters such as the Christchurch and Kaikōura earthquakes, alongside the increasing frequency and severity of weather events caused by climate change, result in significant social and economic costs to restore transport networks.

The Ministry is working to enhance the resilience of the transport system

The Ministry uses its leadership role across strategic policy and operational work to build transport system resilience into wider system reforms and work programmes. The Ministry works to ensure a broader 'New Zealand Inc' perspective is applied to managing transport system risks and in

building better transport system resilience. This includes using an agreed national framework, together with the transport Crown entities, to manage risks.

Resilience work includes:

- involvement in the National Security System reforms, and membership of the Counter-Terrorism Coordination Committee, Major Events Security Committee, and the National Security Board (as the Strategic Coordination Agency for maritime security)
- involvement in the Emergency Management System reforms, including emergency and catastrophic planning, and the current emergency management and the DPMC-led Critical National Infrastructure work programme
- involvement in climate change work programmes, including the Resource Management System Reforms, National Adaptation Plan, Emissions Reduction Plan, and membership of the Climate Change Interdepartmental Executive Board
- connecting the transport system into operational readiness, response and recovery activity through its role as Chair of the interagency Transport Response Team, which is the Sector Coordinating Entity for the transport system in an emergency.

As the Minister of Transport, you have an important role in enhancing transport system resilience

You can play a role in enhancing the resilience of the transport system by:

- maintaining relationships across the sectors identified so the perspective of the transport sector is given due weight in government's wider resilience-related work
- engaging with your Ministerial colleagues on legislative programmes which cut across the transport system, such as the Emergency Management reforms, Climate Adaptation Bill, and Resource Management reforms
- engaging with other Ministers to address specific resilience issues (eg, the availability of RNZAF Base Ohakea and jet fuel supply chains)
- making decisions on further investments via the National Resilience Plan.

A productive, safe and secure transport system

Travel needs to be safe and secure, and incorporate new technology

Travel needs to be as safe and secure as it can be, whether by road, rail, aviation or maritime. People should not be harmed when using transport and should feel confident when using the system.

Our transport regulatory frameworks help deliver safety and other transport outcomes. Those frameworks depend on the work transport agencies do to enforce and implement them and are significantly shaped by international obligations, standards and recommended practices.

However, parts of these frameworks need to be updated or revisited. The safety issues and approaches to regulation in each sector vary and we need to make sure the regulation applied in each sector is doing its job.

A more challenging economic outlook and fiscal position means there is added emphasis on ensuring all aspects of our regulatory systems deliver value for money and support increased productivity. For example, out-of-date regulatory requirements impose unnecessary costs on firms and individuals, which harms New Zealand's productivity.

The frameworks must also enable and adapt to novel technology, such as driverless vehicles/craft (eg, unmanned aircraft and autonomous vehicles), different fuel types (eg, sustainable aviation fuel, hydrogen) and different types of craft (eg, drones). Introducing still evolving technologies is a major challenge for policy makers and regulators. The beneficiaries of these technologies (the investors, manufacturers and consumers) often do not wear the full costs of their risks, which is borne by society at large. Appropriate regulatory approaches can help build the confidence of consumers to use new technology and encourage firms to invest in their development and deployment.

Therefore, it is crucial to have a regulatory system that provides the framework and permissible set of conditions under which decisions can be made on important features of transport markets such as entry, pricing, access obligations and quality or conditions of service. New Zealand has an opportunity to be internationally competitive in this area.

Improved road safety requires sustained, long-term effort to deliver interventions across all parts of the system

Roads are used by just about everyone in New Zealand, and usually on a daily basis. As at 5 October 2023, provisional figures show that 374 people were killed in road crashes in 2022, with

2,470 people suffering serious injuries[7]. Social cost of road trauma is estimated to be almost $10 billion a year. Our rate of road deaths is also significantly higher than many other jurisdictions New Zealand compares itself to, as indicated in Figure 7 below.

Figure 8 Road deaths per 100,000 inhabitants (2022)

Sustained effort is required to reduce the number of people being killed or seriously injured on our roads. This is why our road safety strategies have tended to be in place for a decade.

New Zealand has followed the safe system approach for the past 15 years, which is recognised by institutions, such as the OECD and the World Bank, as the most effective approach for road safety. A safe system means improving the safety of all parts of the system – roads and roadsides, speeds, vehicles and road user behaviour – so that if one part fails, other parts will work to protect people if they are involved in a crash. Progress in all areas is still needed to reduce deaths and serious injuries on our roads. However, you can choose to place more emphasis on interventions in some areas rather than others.

New Zealand has made initial progress in road safety, but there are significant opportunities for improvement in delivery

The current *Road to Zero* road safety strategy has targets for reductions in deaths and serious injuries. There has been progress in all areas. For example, Police have increased their enforcement activity in the last 12 months, with an additional one million alcohol breath tests conducted than in the previous year.

Where safe system interventions have been implemented in New Zealand, there is evidence of a reduction in deaths and serious injuries. Statistically robust, full evaluations of these interventions have not been possible, as many of them have only been in place for two to three years. However, initial evidence indicates a reduction in deaths and serious injuries.

For example, in the first two years following changes to speed limits on State Highway 6 Blenheim to Nelson and other infrastructure improvements, deaths and serious injuries have reduced by approximately 80%, while the average journey time has increased by approximately four minutes over the 110km length of road. Installing median barriers on SH2 Waipukurau in 2020 has seen a 100% percent reduction in deaths and serious injuries.

7 Serious injuries are defined as fractures, concussions, internal injuries, crushings, severe cuts and lacerations, severe general shock necessitating medical treatment and any other injury involving removal to and detention in hospital.

COVID-19 slowed delivery of initiatives and there have been other challenges, which have impacted the scale and pace of implementation.

Public acceptance of some of the actions under the strategy has been limited, with concern expressed about:

- the public advertising and associated messaging, particularly with the ethical underpinning of "vision zero" in the current strategy getting confused with the actual target for DSI reduction of 40 percent by 2030
- some of the focus areas, such as the extent of speed management proposed.

Given these challenges, the Ministry has started reviewing the approach to road safety. We are preparing more in-depth advice on the impacts different initiatives will have on reducing deaths and serious injuries to assist you as you consider the strategic direction you wish to take for road safety. The Ministry would welcome the opportunity to discuss your expectations for road safety, including the interventions you want to focus on.

Rail safety requires clear regulatory frameworks and investment

Rail safety needs clear regulatory frameworks, strong oversight and investment to provide the required level of safety assurance. After recent investment and growth, the risk profile of rail has increased. There have been several rail safety incidents involving fatal and serious injuries and recent reviews into the Auckland and Wellington metro systems have highlighted the need for system improvement and the need for the rail regulator to rigorously address risks.

Waka Kotahi has primary regulatory responsibility for rail safety in New Zealand. Waka Kotahi has a critical regulatory role in assuring stakeholders and the public that the country's rail networks are being managed safely. This is achieved through regulation of the rail industry in accordance with the Railways Act 2005. The Transport Accident Investigation Commission also plays an important role through independent investigation inquiries into rail accidents and incidents, and making recommendations that can identify opportunities to improve rail safety.

Emerging transport technology requires regulation to be updated

The Ministry is responsible for providing advice on how existing regulatory frameworks can be adapted so emerging transport technology is safely integrated into the transport system. Increasingly, innovative uses of technology offer potential economic, environmental and social benefits. New Zealand should provide an enabling environment for innovators to support economic growth in areas like the aerospace industry, lift productivity through innovation, lower emissions and improve other environmental outcomes.

The Ministry has developed an Enabling Drone Integration (EDI) package to enhance the regulatory framework for drone operations, and as a building block for supporting autonomous aviation, which need to be able to operate safely in the same airspace as traditional manned aircraft. We will provide you with further advice on the proposed package of measures.

The land and maritime sector also face similar issues, including automation. In the land transport sector, for example, substantial modernisation of the vehicle standards framework is likely to be necessary to meet disruptive changes in the vehicle sector across environmental, safety and future transport domains.

Finally, the Ministry and transport agencies are alert to the real possibility that innovations, like artificial intelligence, may seriously disrupt the way transport operates or is regulated. Active monitoring of these developments and adapting our regulatory approach is crucial.

A review of maritime legislation is needed

Maritime transport is a critical part of our economy, with most of our imports and exports moving by sea. As an island nation, New Zealand relies on ferries to transport commuters, tourists, and domestic travellers between islands. Boating is also an important part of our culture with over 1.9 million people taking part in recreational boating in 2020.

Maritime activity can be dangerous and risks of large scale maritime incidents are increasing. Vessel quality is declining and severe weather events are increasing at the same time. As well, the increased uptake of recreational boating and the numbers involved pose risks in that sector. The 10-year average for recreational boating fatalities is 17 people a year. Fatalities occur throughout the country, and most are associated with falls overboard, a vessel capsizing or flooding. Many Transport Accident Investigation Commission and coroner reports have found fatalities might have been prevented if users had demonstrated the requisite knowledge and skills or lifejackets had been worn.

Safe navigation is as critical in the maritime space as on land. Maritime incidents not only endanger human lives, but also the environment and the economy, as the Rena disaster demonstrated. The accessibility of the sea to recreational boating means recreational boating and commercial shipping operate in very close proximity to each other.

As discussed in the chapter on international connectivity, the Ministry and Maritime New Zealand have started scoping a possible review of primary maritime legislation, which is ageing and no longer works well. For example, the legislation does not easily accommodate new technologies, such as new fuels or autonomous vessels. This creates increasing costs and barriers for innovators. The legislation provides inadequate tools to effectively manage maritime incidents (including risks from poor quality vessels) or the increasing variety of threats to maritime security increasing the risks to safety, environment and supply chains.

The existing system also creates confusion around the differing roles of national and local regulation and suffers from complex and outdated requirements. Legislative reform could provide a range of practical benefits for New Zealand and has strong support from the maritime sector.

Proposed actions to progress transport safety and other regulatory issues

The Ministry can provide you with any further information you require on these areas of transport system regulation and safety. In the shorter term, we would like to discuss with you:

- our advice on reframing the approach to road safety
- taking a package of drone policy decisions to Cabinet
- the review of maritime legislation
- our regulatory activities and the Ministry's work to help position New Zealand for future technological developments like drones and automated vehicles.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

He pepa whakamōhiotanga mō te Minita | Briefing to the Incoming Minister

Te Manatū Waka Ministry of Transport

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Foreword

Tēnā koe Minister, and congratulations on your appointment as Minister of Transport.

The Ministry has a key role to provide you advice on the decisions to sustain the transport system and to help achieve your transport priorities.

Transport moves people to work or school to connect them with family, friends and communities, and shifts materials, goods and services around New Zealand and to and from the world. New Zealand's transport system enables the social and economic prosperity of our cities, towns and rural communities.

The transport system also has negative impacts, including road deaths and serious injuries, air and noise pollution that affects the health of the general population, as well as producing a significant proportion of New Zealand's greenhouse gas emissions.

This year, we have seen extreme weather events impacting communities and transport networks across the country. The Auckland Anniversary floods and Cyclone Gabrielle caused lasting damage to communities and vital infrastructure.

Increasingly, our cities and towns are facing funding pressures, driven by the demand for new or replacement infrastructure, of which transport is a major component. We must ensure the transport system is fit for future generations and able to withstand the impacts of extreme weather events.

Addressing these challenges places further pressure on existing funding models. The cost of maintaining the transport system, together with the need for repairs to roading and rail networks damaged by extreme weather events, will need to be balanced with new investment priorities.

The Ministry has been working on the future of transport revenue system, including the role of additional funding tools, with the objective of providing advice on who should pay for what and how to apply a sharper focus on value for money.

The Ministry works collaboratively with agencies and stakeholders to advance a long-term, integrated approach to the transport system. To create thriving cities and regions the transport sector needs to be more closely joined-up with planning, housing, other infrastructure, and broader funding and financing models.

As a Crown agency, we have an important responsibility to actively improve outcomes for Māori to ensure a transport system serves all New Zealanders equitably. A key focus area for everyone at the Ministry is our Hei Arataki strategy which seeks to identify issues and opportunities for Māori in transport policy design and delivery.

As Minister of Transport, you can make real differences to the lives of all New Zealanders. We look forward to giving you the advice and support needed to put your priorities in place to help advance the nation's transport system.

Nāku noa, nā

Audrey Sonerson Secretary for Transport and Chief Executive

FOREWORD

Glossary of terms and abbreviations

Part One: He Wakamana i a Aotearoa Kia Momoho | Enabling New Zealanders to Flourish

Transport is critical for New Zealand's economic, social and environmental health

New Zealand's transport system connects us to work and school, to our whānau, to our communities and to the rest of the world. The smooth and sustainable movement of people and goods throughout the system is critical to our economic, social and environmental health. The transport system is an important contributor to productivity and economic growth. The system supports other sectors and society's wider goals like better and affordable housing, desirable cities to attract skilled and talented people and healthier New Zealanders. The system also has negative impacts, including producing a significant proportion of New Zealand's greenhouse (GHG) gas emissions, other air and noise pollution that affects the health of the general population and deaths and serious injuries for the people using the system.

The transport system involves millions of journeys every day on extensive networks of public and private infrastructure across New Zealand. These networks connect a population spread-out thinly across regions, but also concentrated in cities, who all need to be well served by the transport system to meet their social and economic needs.

These networks are used by a wide array of vehicles every day, and there are competing demands, including increasingly for use of street and city spaces. New Zealand's environment and geography also mean our critical transport infrastructure is exposed to a broader and more consequential range of potential shocks than many other highly developed countries.

Growing demands on the transport system are creating new challenges

As New Zealand has matured, the demands on the transport system have grown significantly. In the past, the challenge revolved around efforts to grow capacity as activity increased and keeping the system maintained. However, new challenges, especially the need to adapt and mitigate the effects of climate change, call for a fundamental shift in the way New Zealand's transport system operates. The long-lived networks underpinning the transport system need to be planned and funded over the long-term, managed and regulated effectively to support the shift needed.

The land transport system is more expensive to build and maintain

As the land transport system grows, it becomes more expensive to build, operate and maintain. Operating and maintenance costs are making up an increasing share of transport spending. This has taken place in the context of a planning and funding system, especially for land transport, that works well to signal investment priorities and ambitions but works less well to create incentives to spend money efficiently and effectively.

The increase in costs is driven by a range of factors, including cost inflation across the economy, climate events and natural disasters, increased aspiration for investment, a need to consider resilience, and an expanded range of activities being funded. This has led to increased pressure

on the available funding and resulted in a range of short-term solutions being put in place, including increased Crown funding and debt.

Ambitions for new investment are growing beyond capacity

Investment in the transport system is an important way of increasing New Zealand's economic growth and meeting many of the social and educational ambitions of New Zealanders. Cities need to move people and freight efficiently while the regions need strong connections to well-run ports and airports to move their products to market. Still, investment ambitions are running ahead of the capacity of the revenue system to meet them or the capacity of the construction sector to deliver new projects, especially alongside ambitious programmes in other sectors like water and housing.

Planned expenditure for the next 20 years is nearly double the $10 billion per annum of current investment, and more than four times the size of the National Land Transport Fund. These commitments have not been made based on a system-wide investment plan and have likely driven inefficiencies in the system. The scale of the investment also stretches management capacity. Reduced oversight can exacerbate the risk of cost overruns or delivery failures.

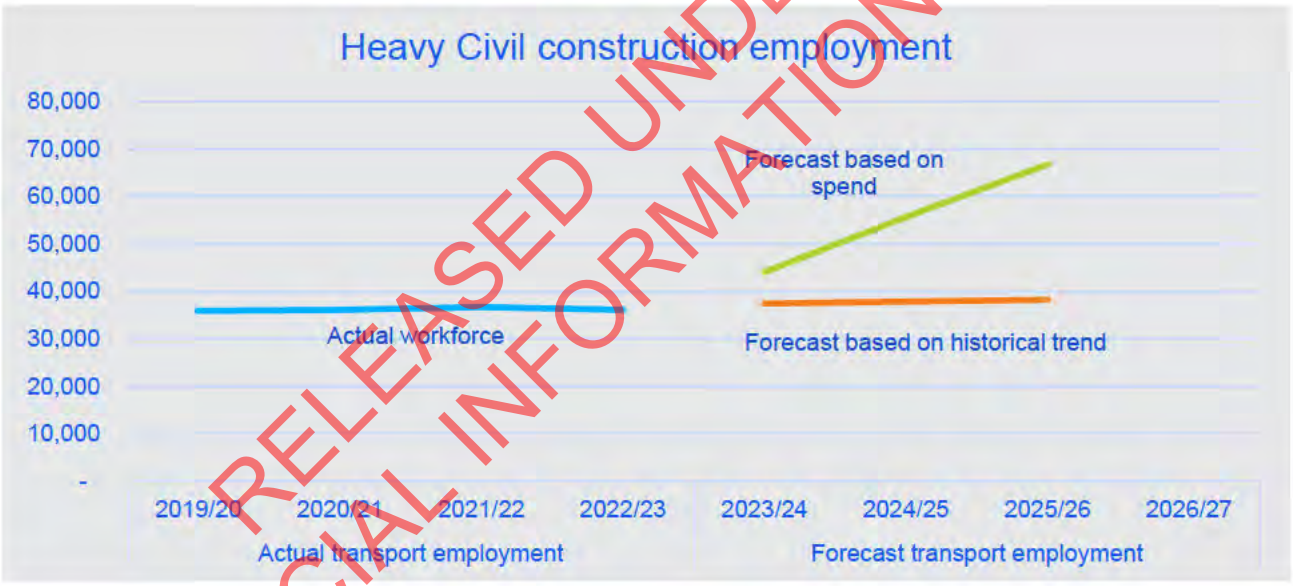

Figure 1 Heavy Civil construction employment

Source: Ministry of Transport

There is a growing urgency to consider the balance between new expenditure and maintaining the system and establish a more certain and sustainable model for funding their transport priorities to meet short term needs and to establish an enduring model for the next decade and beyond. This will involve considering the balance between new expenditure and expenditure to maintain the system and how to apply a sharper focus on value for money. New Zealand must also look to other tools, such as pricing and demand management (eg, congestion charging), regulatory interventions, use of data, and the way transport and land use are considered together.

A new approach to paying for land transport is needed

In the aviation and maritime sectors, the networks are mostly owned and operated by private interests, with some local government investment. However, in the land transport sector, central government plays a lead role in how the system is planned and funded. New Zealand's land transport system has been reliant on a narrow range of user charges (mainly taxes on fuel and charges on diesel and heavy vehicles) to pay for much of our land transport, including infrastructure, maintenance, public transport operations, and other functions, such as search and rescue.

Over the last two decades, Crown contributions and borrowing have increased as the level of funding from user charges has fallen behind investment ambitions. This, and other factors, have put the system under pressure. Our revenue system does not easily support large, long-term investments. Many of these have a scale of cost that needs to be spread over many years.

We need to decarbonise the transport system

Transport is one of New Zealand's largest sources of GHG emissions, producing 40% of domestic CO_2 emissions and 17% of total GHG emissions. Most transport emissions (92%) come from land transport, with 64% from light vehicles (cars, utes and vans).

The Climate Change Commission has identified transport as a sector with the potential to almost completely decarbonise by 2050 and make large reductions from the third emissions budget period (2031-2035) onwards. Because some other sectors are expected to be more challenging to decarbonise, New Zealand's overall emissions reduction success is likely to rely heavily on transport realising this potential.

New Zealand's international connections are increasingly vulnerable and uncertain

New Zealand's ability to trade and connect with the world is increasingly influenced by geopolitics, the international politics of climate change and New Zealand's position as the last stop on many international supply chains. Aviation and maritime are emissions intensive industries and, in the coming decades, there will be growing global pressure on these sectors to decarbonise. Market based measures to reduce emissions in these sectors will be important, but they are likely to disproportionately impact New Zealand due to our distance from the rest of the world and a lack of viable alternatives. It is therefore important we work collaboratively with these sectors and support them to decarbonise as quickly as possible. These sectors are increasingly seeking government leadership, involvement and support for measures to enable and support their efficiency and transformation.

New technologies need to be integrated

Transport will need to integrate new advances in technology, including novel craft and new types of fuel. This brings considerable opportunity but also risk. Managing this quickly and safely will require some changes to the transport regulatory system. These changes will help ensure that regulation enables the use of this new technology in a way that does not impose unnecessary costs. Government will also need to continue to work closely with the private sector on how to fund the infrastructure necessary to adopt new technologies. For example, airports and seaports need to consider the infrastructure investment required to support alternative fuels for their users or to power their own operations, such as electrification and hydrogen facilities.

Transport safety and security remains a priority

Improving transport safety and enhancing security of the transport system remains an issue for New Zealand. While most users can have confidence in the transport they use, improvements can and should be made while new risks and changing technology need to be addressed. For example, proportionally more people per capita are killed on our roads than most other OECD countries. The death rate in Australia per 100,000 people was 4.6 while, for New Zealand, it was 7.3 or approximately 58.7% more. Provisional figures for 2022 saw 377 people killed on the roads. Measures needed to improve road safety require sustained effort from government agencies and social acceptance from those who may be affected by changes.

Safety in the aviation and maritime sectors must also be maintained and it is critical New Zealand effectively implements international security obligations for aviation and maritime to ensure New Zealand remains a trusted destination for airlines and shipping operators.

You can guide and shape the system to meet present and future challenges

The responses to the challenges and opportunities New Zealand's transport system faces will involve many choices. Over the next decade, New Zealand's transport system will need to evolve to produce net zero emissions by 2050, significantly reduce road deaths and serious injuries, and address identified challenges some groups and individuals face when accessing the transport system. The system will also need to further adapt to shocks like severe weather, future possible pandemics, natural disaster, or economic downturns.

While transport decision-making is more demanding than it has been in the past, there are good opportunities to achieve change. As Minister, you can shape the system to make sure all New Zealanders can access safe and efficient transport options, and the Ministry's role is to support you in your efforts.

As the Government's policy lead for transport, the Ministry commits to giving you robust, evidence-based, future-focused advice on the policy, investment, and regulatory settings that provide the best opportunity to achieve your goals. The Ministry's *System BIM* gives further detail on the policy tools and levers available to you, including the role of the Ministry's Transport Outcomes Framework.

Getting your policy priorities in place

The Ministry looks forward to working with you to get your priorities in place. We would like to meet with you as soon as possible to discuss a range of key decisions and critical issues. These include your manifesto priorities especially for the first 100 days of your administration, legislative requirements, and other priority issues. We will provide you with a list of these issues before our first meeting.

Part Two: Strategic Opportunities and Challenges

Investing in a high-quality transport system

Challenging economic context

With a challenging economic outlook, increasing risks to long-run fiscal sustainability and cost pressures, New Zealand must make choices about how the transport system will be developed and managed over the next decade and beyond. Government investment, along with other interventions, is needed to create a high-quality transport system for all New Zealanders. However, a good result requires investing in the right things and at the right time, with tight cost control.

New Zealand has been spending more on transport

New Zealand has been spending more on transport, both on new infrastructure and to sustain existing networks. This is driven by a range of factors, including cost inflation across the economy, climate events and natural disasters, increased aspiration for investment and an expanded range of activities being funded. More investment has been going towards public transport and rail, in part to meet broader objectives, such as improving access and reducing emissions. Around 60% of the funding available through the National Land Transport Fund is usually committed to maintenance and providing core services, such as road policing, and these activities are becoming increasingly costly.

With increased pressure on existing funding models, a range of short-term solutions are being put in place, including increased Crown funding and debt. Existing revenue sources are unlikely to keep pace with demands, unless decisions are taken to increase the amount collected. Fuel excise duty is a major source of revenue for the transport system, but will become less certain over time as vehicles become more fuel efficient and more people choose to travel by other modes.

An ambitious pipeline of projects has either been committed to, or explored, but the funding, scoping and phasing of these projects is still largely to be decided. These projects include Auckland Light Rail, the Strategic Investment Programme (outlined in the draft GPS 2024), and the additional Waitematā Harbour Crossing. If all these projects proceed to construction, the Ministry estimates the total Investment in land transport from 2024 to 2034 will be $125 billion, compared to $61 billion in the 10 years from 2013-2023. Analysis from the New Zealand Infrastructure Commission, Te Waihanga, suggests this would materially exceed the capacity of the labour market in Auckland, even under optimistic growth assumptions.

The Government invests in land transport through the National Land Transport Fund and through direct funding

The Government Policy Statement (GPS) sets the Government's priorities for the National Land Transport Fund over a 10-year period. A draft GPS has been out for public consultation and, as a

statutory document, must be published by 1 July 2024. Finalising the GPS is essential to drive land transport planning and funding decisions made by both Waka Kotahi and local government.

Waka Kotahi gives effect to the GPS through the 3-yearly National Land Transport Programme, which sets out planned activities and projects. Waka Kotahi has statutory authority over what activities and projects are included in the National Land Transport Programme and approved for funding. Regional Land Transport Plans made by Regional Transport Committees, consisting of Waka Kotahi, local government and sometimes KiwiRail, feed into the National Land Transport Programme. This process helps reconcile the different priorities of central and local government.

Separate to the GPS process, the Crown has, at various times, funded additional transport projects through the annual Budget process. These have tended to be larger projects, such as those under the New Zealand Upgrade Programme (eg, Melling interchange, Ōtaki to north of Levin), or the Auckland City Rail Link. These projects may have bespoke delivery and governance arrangements depending on the preferences of the Government. Sometimes, these projects are committed before the final scope of the project or the full costs are fixed, leading to subsequent trade-offs in scope or unexpected cost increases.

GPS 2024 will set the Government's land transport policy

As well as setting out proposed strategic priorities, the draft GPS outlines the core investment required to maintain the system, the funding available from usual sources, as well as the suggested funding package to address the gap between them. That funding package emphasises the choices to be made in finalising GPS 2024 because it relies on raising FED and RUC ($1.4 billion), Crown grants ($2.7 billion), Crown loans ($3.1 billion) and some non-traditional funding sources like the revenue from traffic infringements ($300 million) and the Climate Emergency Response Fund ($500 million).

While the proposed funding package would reduce the pressure over 2024-27, the Ministry expects there will continue to be a gap between expenditure and revenue. The draft GPS 2024 outlines a $4.4 billion decrease in funding over 2027-30 compared to 2024-27.

In these circumstances, the investment proposed in the final GPS must be carefully prioritised, be affordable, and meet your objectives. Cost must also be better managed and demonstrate value for money. This includes strong business cases and ensuring there are a broad range of options considered, including options that do not involve investment, such as demand management. While there are also choices to generate additional revenue through existing tools, and maybe some newer ones, there will be constraints, especially in the face of upward pressure on the cost of living.

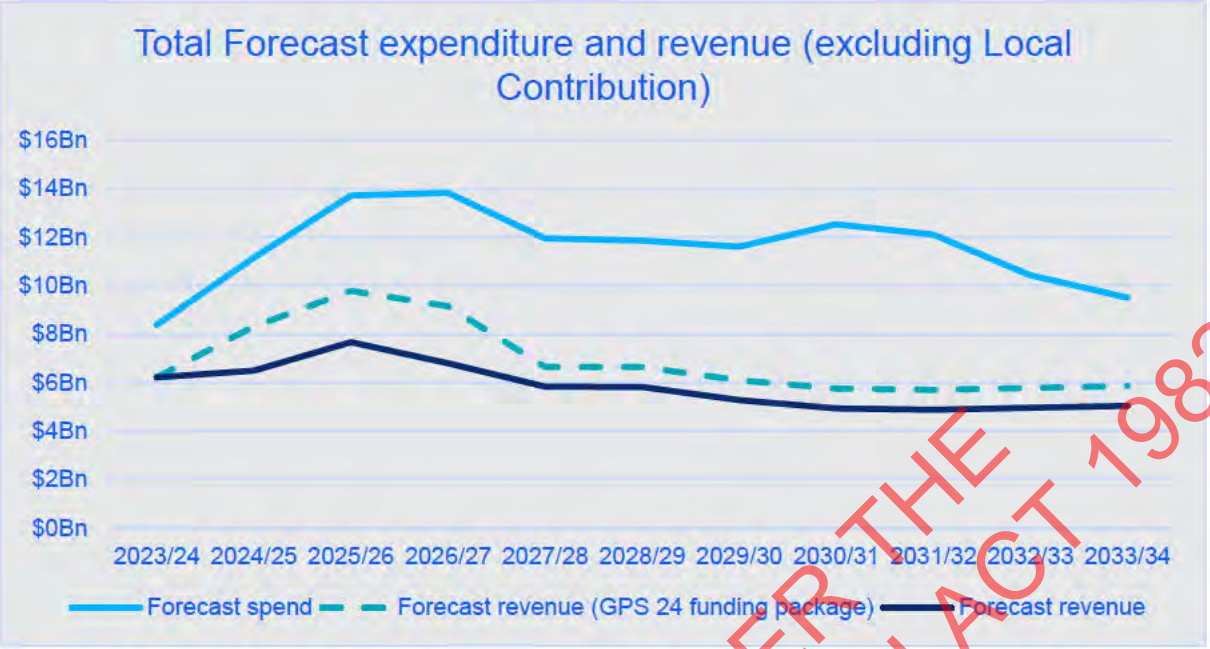

Figure 2 Forecast expenditure and revenue (Crown and National Land Transport Fund)

Source: Ministry of Transport

There are fiscal constraints in Budget 2024

With Budget 2024 allowances likely to be constrained, the Ministry is investigating opportunities to reprioritise existing funding towards higher priority initiatives and to find savings.

Ensuring a sustainable land transport revenue system

The existing tools for funding the land transport system, like the distance and weight-based Road User Charges system for diesel and heavy vehicles, are still world leading. Fuel Excise Duty is also an extremely cost-effective and efficient method for collecting revenue from petrol vehicles.

However, these forms of funding are not well suited to very large, lumpy infrastructure investments (eg, mass rapid transit) that have social wider benefits, such as supporting intensification.

Crown funding or debt can play a useful role in meeting transport funding needs. However, practices have varied and this can lead to a lack of clarity about when Crown funding should be used and for what. A more principled and transparent approach would help manage Crown cost and will provide more certainty and predictability for Waka Kotahi and cities and regions.

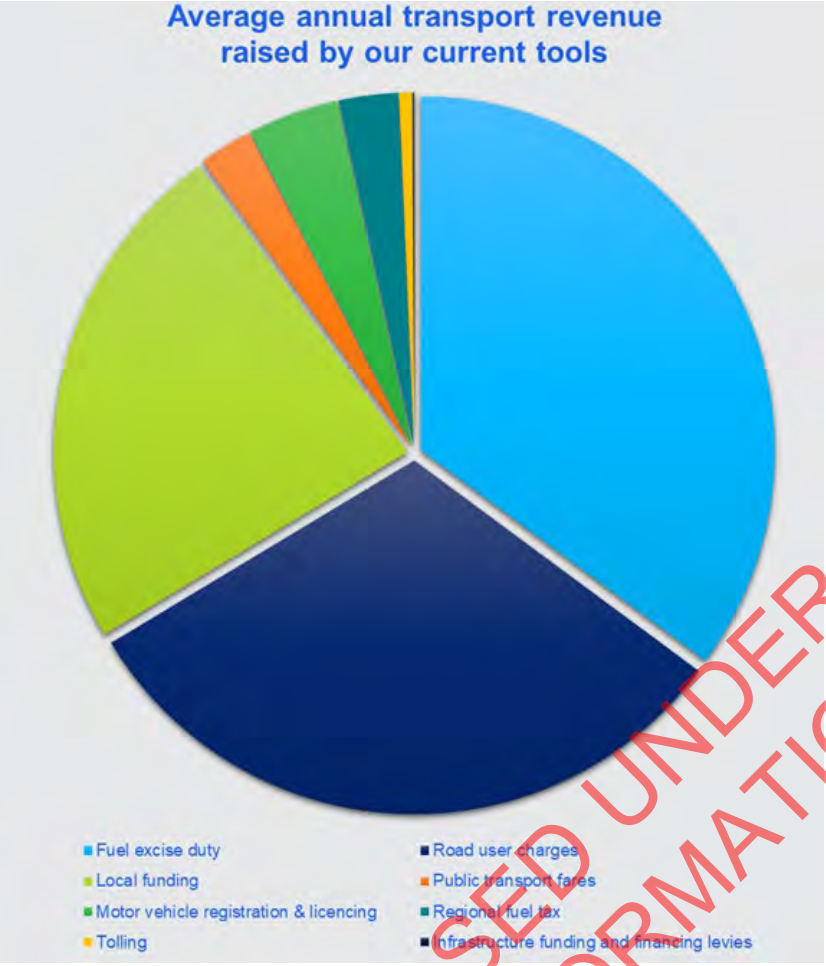

Figure 3 Average annual revenue raised by New Zealand's current tools

Source: Ministry of Transport

The Ministry has been working on what is needed to enhance the transport revenue system, including the potential role of additional tools and providing more clarity on who should pay for what. There are longer-term and shorter-term elements to this work. In the long term, there are opportunities to look at the balance between who should bear the costs of the transport system amongst users, ratepayers, taxpayers and other beneficiaries. What ever approach is chosen, it will need to be predictable, stable and have good levels of public buy-in, as transport costs affect every New Zealander and every New Zealand business.

A transition towards RUC uptake is already underway. The RUC system overcomes the fuel efficiency issues with FED, and it may enable a more sustainable stream of funding over time. There are options for extending RUC, including moving all vehicles on to the system or more sophisticated charging approaches that would add time and location based charging.

While some changes would need to be implemented over the longer-term, there are revenue options that can be progressed in the shorter-term. While such tools would help provide additional revenue, they are unlikely to generate enough revenue to fill expected gaps over the next decade and each option comes with its own risks and challenges. These revenue options include:

Value capture mechanisms

Value capture is under utilised in New Zealand compared to other countries. Value capture involves recovering or 'capturing' the incremental benefit residential or commercial landowners receive from investments in public infrastructure and the resulting urban development and amenity.

This benefit is usually reflected in higher property (land and building) values. There are a range of levy[1] and uplift-based[2] methods available to both central and local government.

Work to date has highlighted the potential for value capture but also the operational complexities of implementing these mechanisms.

Congestion charging

Congestion charging is mainly used for managing demand, so revenue is not its primary aim. This type of charging sets a higher cost for travelling at peak times, and encourages some users to change the time, route, or way they travel. This can reduce congestion by spreading out use over time and defer the cost of new capacity because better use is made of existing capacity. Congestion charging has been successfully implemented to reduce congestion in cities around the world, for example, London and Singapore. However, schemes have also failed when there were low levels of public acceptability, in part due to concern about equity and a perception congestion charging is only about raising revenue.

There is interest from several of the large metro councils in congestion charging, both to reduce congestion by managing traffic and potentially raise revenue for transport projects. The Ministry expects them to seek your support for legislation. Draft legislation has been developed so could be advanced quickly although the underlying policy would need to be confirmed with you.

Tolling

As Minister of Transport, you are responsible for approving tolling schemes under the Land Transport Management Act 2003. s 9(2)(f)(iv)

s 9(2)(f)(iv)

Tolling settings are relatively permissive but tolls can only be applied to "new roads". As well, New Zealand's low traffic volumes, the high administrative costs of collecting tolls and a lack of public acceptance, has limited the widespread use of tolling.

Within these constraints, tolling is being rolled out where a case can be made. However, there are options for new tolling approaches, including variable pricing or tolling existing roads, but these would require amending the Land Transport Management Act. For example, Waka Kotahi has been working with Tauranga City and Eastern Bay of Plenty on a proof-of-concept study for variable road pricing.

Tolling options also need to be considered alongside other arrangements, such as congestion charges. In the longer term, shifting to a distance-based RUC system could provide scope to implement variable charging across the network to manage demand more effectively.

Making greater use of private capital

In the past, Public Private Partnerships (PPPs) have been used with varying degree of success but have delivered some important lessons. Two roads have been delivered under the PPP model:

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1 i.e., a one-off charge based on property value increases due to the infrastructure.

2 i.e., a proportion of any capital value uplift is taxed.

s 9(2)(f)(iv)

Transmission Gully and Pūhoi to Warkworth.[4] Compared to other types of PPPs, roading projects are riskier and more complex, largely due to ground and environmental factors, including weather and storm damage.

The ability for PPP consortia to manage risk is critical for the success of the model. How this is done, when procurement processes are heavily weighted towards a low price, will affect the degree to which PPPs are used for roading projects in the future.

If implemented well, there is potential for PPPs to improve services and deliver new infrastructure. Using private finance means more projects can be built sooner than through the conventional "pay as you go" public sector procurement. However, the current PPP model spreads out the costs of these projects over a longer period, which must be managed as a first call against the National Land Transport Fund. Alternatively, Government could consider whether there is benefit in changing the contracting model for roading PPPs to transfer more risk to the operator (eg, through demand-based tolling arrangements).

You can also choose to involve private equity in the delivery of transport infrastructure. Under this arrangement, the investor would take an ownership stake in an asset and would seek greater control over design, construction and operation. However, they may also be prepared to take on a wider range of risks. Investors such as ACC and the NZ Super Fund have shown an interest in these arrangements which may be a good way of approaching wider packages of development in cities. Equity-based arrangements would challenge the transport system's existing ways of operating. This approach requires longer-term planning and funding certainty, with private sector investors able to work with Crown agencies (among others) earlier so they can influence design choices and delivery arrangements.

The Ministry will meet you soon to discuss your investment and revenue priorities

The Ministry will seek to meet with you as soon as possible to discuss your priorities and the next steps for GPS 2024, Budget 2024, and the Ministry's revenue work. Clarifying your expectations early will ensure agencies do not commit resources to developing bids unlikely to be supported.

A net-zero transport system

The Climate Change Response Act 2002 sets New Zealand's framework for reducing emissions

When New Zealand ratified the Paris Agreement in 2016, it committed to joining a global effort to limit temperature rise to 1.5°C above pre-industrial levels. In 2019, Parliament amended the

Climate Change Response Act 2002 (CCRA) setting the target of reaching net zero GHG emissions by 2050.

In 2022, the first three emissions budgets were gazetted as outlined in Table 1 below. The Climate Change Commission is due to advise the Government on the fourth budget by 31 December 2024. This budget will cover 2036 to 2040.

Table 1 Emissions budgets

Time period	Level of permitted emissions (carbon dioxide equivalent, all sectors)
Emissions budget 1: 2022-2025	290 Megatons CO_2-e
Emissions budget 2: 2026-2030	305 Megatons CO_2-e
Emissions budget 3: 2031-2035	240 Megatons CO_2-e

New Zealand's overall emissions reduction success is likely to rely on transport meeting its potential to almost fully decarbonise by 2050

As well as recommending the first three emissions budgets, the Commission's analysis included a "demonstration pathway". This outlinines how New Zealand could stay within the emissions budgets and successfully reach net zero by 2050. This pathway informed the development of expected contributions from different parts of the economy. While not legislated, the Government adopted these as sub-sector targets to enable sectors to track progress and manage 'unders and overs' between sectors while staying on track to meet the overall target.

Transport is one of New Zealand's largest sources of GHG emissions, producing 40% of domestic CO_2 emissions and 17% of total GHG emissions. Between 1990 and 2019, transport emissions rose approximately 80% faster than any other sector. The Commission identified transport as a sector with the potential to almost fully decarbonise by 2050 and make large reductions, especially from the third emissions budget period (2031-2035) onwards. New Zealand's overall emissions reduction success is likely to rely heavily on transport realising this potential.