

Entered by Board Secretary

Transport Emissions Reduction Pathway Response Strategy – Next Steps

For decision: For noting:

Reason for inclusion in closed board meeting session	
1. Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	This report is being considered in the closed board meeting to provide an opportunity for Board members to have a free and frank debate about politically sensitive issues.
2. Please provide an estimated date for release of this report.	April 2023.

Ngā tūhonga / Recommendations

That the Auckland Transport Board (board):

- a) Notes the changes in our economic conditions and operating context since the Transport Emissions Reduction Pathway (TERP) was developed and endorsed by Auckland Council (AC) in July 2022, and its vision and ambition supported by Auckland Transport (AT) in August 2022.
- b) Notes the board's continued support for the vision and ambition in TERP; and the work underway by AT to build a methodology and approach for the TERP Response Strategy.
- c) Notes that AT is already pursuing a mode shift-based approach to emissions reduction through our 2021/31 Regional Land Transport Plan (RLTP) to the best of its ability within its current funding parameters, with substantial investment in public transport, electrifying our bus fleet, walking and cycling programmes, and rapid transit planning.
- d) Notes that Council has instructed AT to find significant savings in its 2022/2023 and 2023/24 budget, that the Mayor, in his Letter of Expectation for the Statement of Intent 2023-2026, instructs AT to implement Council's objectives under the TERP within available funding parameters, that does not include the TERP Response Strategy.
- e) Notes the need to seek additional funding from Council for the financial year 2023/4 of up to \$800,000 to complete the TERP Response Strategy.

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- f) Notes the inconsistency between central government emission reduction targets (Emissions Reduction Plan (ERP)) and local government emission reduction targets (TERP), and the opportunity to align targets so that we can aligning funding streams more effectively.
- g) Notes the opportunity to seek clarification from Council on its commitment to an ambitious emphasis on mode shift as an emissions reduction strategy.
- h) Notes that ultimately, the funding required from multiple parties to deliver the specific interventions will be significant. Such funding is not currently allocated and will likely be considered primarily through future funding prioritization processes: AC's Long Term and Annual Planning processes; the Auckland Transport Alignment Project and the RLTP; and will be considered alongside other key priorities including climate change adaptation works.

Te whakarāpopototanga matua / Executive summary

1. In July 2022, AC approved its TERP to provide a vision for achieving its goal of a 64% reduction in transport emissions by 2030, as set out in Te Taruke-a-Tawhiri: Auckland's Climate Plan.
2. In August 2022, the board resolved to *support* the vision and ambition in Council's TERP; *endorsed* the 11 transformation areas and *noted* that AT staff will develop a response strategy to implement TERP.
3. Since these decisions around TERP were made however, there has been significant changes in our operating context. Our current economic conditions and Council's budget shortfall for 2023/4 are driving Council's requests, though the Mayor's Letter of Expectations for 2023/6, for AT to significantly reduce its operating budget; to reduce its costs to Council; to more effectively focus on delivering *core* transport services and fulfilling its statutory purpose under the Local Government Act. Importantly, Council is also asking us to implement Council's objectives under the TERP *within available funding parameters*. Cyclone and flooding events over the last 3 weeks have added a significant alternative focus to the climate change conversation last year, emphasising climate change *recovery and adaptation* alongside carbon emissions reduction. This will bring with it substantial funding pressures for central and local government.
4. AT is already pursuing a mode shift-based approach to emissions reduction through our 2021/31 RLTP within its current funding parameters with substantial investment in public transport, electrifying our bus fleet, walking and cycling programmes, rapid transit planning.
5. Consistent with its support for the vision and ambition of TERP, AT is finalising the methodology and approach for the analysis required to produce a TERP Response Strategy. This strategy will provide detailed analysis of the specific interventions required, their costs, their phasing and priority, what can be achieved within existing funding parameters, their emissions reduction potential, and other impacts, as well as trade-offs that might be required against other transport priorities.
6. However, developing this strategy is a significant and complex piece of work. Given current funding constraints outlined above, AT needs additional funding of up to \$800,000 to complete the analysis and produce the Response Strategy.

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7. There is mis-alignment between central government emissions targets and time frames (ERP) and local government emissions targets and time frames (TERP). Aligning these goals will provide more effective alignment of funding streams and quantum. There is also emerging misalignment between central and local government on the role and extent of mode shift required to meet the emission reduction standards.
8. Ultimately, the extent of funding required from multiple parties to deliver the specific interventions to meet our goals will be significant. Funding of this scale is not currently allocated in the existing 2021/31 RLTP and will likely be considered primarily through future funding prioritization processes: AC's Long Term and Annual Planning processes; the Auckland Transport Alignment Project and future RLTPs. It will also need to be considered alongside other key priorities including climate change adaptation works.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
August 2022 Board	TERP and AT's Response	Support for Vision and Objectives, endorsement of transformation areas, and noting the development of a response strategy.
June 2022 Board	AT Response to the TERP	The board endorsed managements proposed response strategy and raised several points for the upcoming decision to endorse TERP and requested these be provided in a letter to Councillor Hills.
June 2022 Design and Delivery Committee	AT Response to the TERP	The committee recommended that the board endorse managements response to the TERP. It supported the projects co design approach and noted the value of an external technical advisory board. It recommended regular reporting to the board on project progress.
March 2022 Board	TERP and Early Actions Update	The board endorsed the direction of advice and reporting back to the TERP Reference Group
August 2021 Board	TERP Methodology	The board delegated authority for up to three board members to join a TERP Reference Group of three

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		Councillors, an independent Māori Statutory Board member, and two mana whenua Kaitiaki Forum members.
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Te horopaki me te tīaroaro rautaki / Context and strategic alignment

9. Auckland Council has developed a TERP to provide a vision for achieving its goal of a 64% reduction in transport emissions by 2030, as set out in Te Taruke-s-Tawhiri: Auckland’s Climate Plan. This pathway indicates the scale of mode shift, transport electrification and reduced vehicle kilometres travelled (VKT) required to achieve the 64% target. The pathway models ambitious uptake of active modes and public transport, an ambitious 50% reduction in VKT, a 32% share of electric vehicles in the light vehicle fleet; and a 75% public transport electrification, and a 50% emissions reduction in freight emissions relative to 2019 levels.
10. Government’s emissions reduction targets differ significantly to those of Auckland Council. In order to meet its ERP overall emissions reductions targets of a 2 percent reduction on 2018 greenhouse gas emissions by 2025, 17 percent by 2030, and 36 percent by 2035, government is seeking from the transport sector to reduce total kilometres travelled by the light fleet by 20 percent by 2035; increase zero emissions vehicles to 30% of the light fleet by 2035; reduce emissions from the freight transport by 35 Percent by 2035; and reduce the emissions intensity of transport fuel by 10 percent by 2035.
11. In August 2022 the board resolved to support the vision and ambition in the Council's TERP, endorsed its 11 transformation areas and noted that AT staff will develop a response strategy to implement TERP. This strategy would provide detailed analysis of the specific interventions required, their phasing and priority, their emissions reduction potential, and other impacts, as well as trade-offs that might be required against other transport priorities.
12. Since August 2022, there have been significant changes in our operating context that impact this work:
 - a. Considering current economic conditions and Council’s financial challenges relating to a budget shortfall for the 2023/4 financial year, Council has instructed AT to find significant savings in its own budget;
 - b. The Mayor, in his Letter of Expectation for 2023/26 has instructed AT to: implement Council’s objectives under the TERP *within available funding parameters*; to more generally reduce its costs to Council; to respond more effectively to the needs of *all* Aucklanders and *all* users of the transport system when considering and implementing its proposals; to deliver core transport services; and get the most out of the existing transport network.
 - c. Recent flooding and cyclone events have had devastating impacts on people, property and on the transport system. This will place significant pressure on council and central government budgets over the next few years to meet the costs of repair and adaptation, along side emissions reduction.

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- 13. AT is nearing completion of the methodology and approach to developing the TERP Response Strategy and should have this finalised at the end of March 2023.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

- 14. Central and local government emissions reduction targets are not aligned. This is likely to be problematic when negotiating funding agreements between central and local government for specific interventions to achieve these targets as the funding streams and availability will not align to the different targets. There is opportunity to align these targets to enable more effective collaboration and partnership in delivery.
- 15. The vision and goals in TERP are based on an underlying premise of reducing our emissions by encouraging Aucklanders to change their behaviour and shift transport modes to walking, cycling and public transport – achieved by effectively giving them more choice in those modes with an alternative network (and managing land use).
- 16. There may be a need to seek confirmation from Council as to its commitment to the emphasis on mode shift in TERP. A mode shift strategy will be expensive and cannot be delivered within current funding parameters. It will also require considerable social licence and political support for its implementation. In the context of the Letter of Expectation’s instruction to AT to consider the impacts of its interventions on all users of the transport system – a commitment by Council to continued pursuit of an ambitious mode shift strategy is not clear, as it may not align to meeting all Aucklanders’ needs. It is also important to achieve alignment between central and local government on the level of mode shift required as this will drive into the nature of interventions that will be co funded.
- 17. Completing the TERP Response Strategy requires significant resources. The work involves substantial analysis and engagement with partners as it is to get to the heart of the specific interventions required, their costs and trade-offs. Due to our current economic conditions, the need to reduce our budgets and the instructions within the Letter of Expectation to work within our current funding parameters, AT does not have the resources to complete this Response Strategy. We need to seek funding for this from Council or other sources before it can be completed.

Ngā tūrarua matua / Key risks and mitigations

Key risk	Mitigation
Misalignment between central and local government emissions targets results in misalignment of funding and lack of coordination of effort to deliver interventions.	Explore the possibility of alignment in our current context.

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AT's constrained budgets restrict AT's ability to complete the analysis required for the Response Strategy, and this work is not competed.	Complete the methodology design, clarify the funding required to compete the analysis and seek an alternative funding source from Council.
Continued pursuit of an ambitious mode shift strategy does not align to all Aucklanders' needs and is unaffordable, putting the goals at risk.	Seek direction from Council as to its commitment to the emphasis on mode shift in TERP.

Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

18. The financial needs to complete the TERP Response Strategy, and the funding implications of its interventions are canvassed in this report.

Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

19. TERP and the TERP Response Strategy are aimed at achieving Council's carbon emissions targets.

Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua

20. Mana whenua was engaged in the preparation of the TERP. The design of the TERP Response Strategy will incorporate engagement with mana whenua as a key partner in design and delivery of initiatives that will contribute to the emissions reduction goals.

Ngā mema pōti / Elected members

21. As noted, TERP is a Council developed plan.

Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations

22. There has been no engagement with other Council Controlled Organisations s to date.

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Ngā kiritaki / Customers

23. This report raises no immediate customer related issues.

Ngā whaiwhakaaro haumarū me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

24. There are no immediate health, safety and wellbeing considerations arising from this report.

Ā muri ake nei / Next steps

25. The board to consider the issues raised in this report, with a view to formulating a way forward for confirmation at the next Board meeting in March 2023.

Te pou whenua tuhinga / Document ownership

Submitted by	Jenny Chetwynd Executive General Manager Planning and Investment	
Recommended by	Jenny Chetwynd Executive General Manager Planning and Investment	
Approved for submission	Mark Lambert Interim Chief Executive	