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Auckland Transport Response to the Transport Emissions Reduction Pathway

For decision: For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Supports the Transport Emissions Reduction Pathway (TERP) as a comprehensive pathway to achieving the vision and ambition of the Auckland Climate Plan.
- b) Notes that Auckland Transport's (AT's) ability to implement this vision in today's economic climate is constrained by changes in our economic conditions, in our operating context and in AT's budgets since the TERP was developed and endorsed by Auckland Council (AC) in July 2022, and that the Letter of Expectation has requested AT implements TERP within available funding parameters.
- 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) Endorses an approach to progressing towards TERP within our constrained funding parameters that, given our constraints, will not be linear, rather be based on leveraging funding and partnership opportunities as they arise, optimising all interventions to take a staged approach, and reporting progress towards TERP's goals.
- e) Agrees to seek clarification from AC as to its expectations in regard to prioritising and implementing pathway components identified in TERP.
- f) Advises AC that aligning early outcomes with the emerging government Emissions Reduction Pathway (ERP) in the first instance should facilitate co-ordination with government agencies and enhance access to ERP funding appropriated by the Crown.

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.

Entered by Board Secretary

- 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 Given our constrained funding, our path towards the TERP goals therefore will not be linear and direct. Rather, AT will need to work with the funding it has, and over time, follow alignment with alternative funding sources and emerging opportunities for funding and partnerships as they present themselves, leverage key interventions, processes and policy development and look to the additional trade-offs we can make – taking a staged approach as opportunity arises and reporting progress towards the TERP goals along the way.
- 5 AT is already on a path, pursuing a mode shift-based approach to emissions reduction though 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.
- 6 Reconfirmation of AC's expectations in implementing TERP in today's constrained economic environment is needed, alongside alignment with the government's own Emission Reduction targets.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
14 March 2023 Design and Delivery Committee (committee)	AT Response to TERP	The committee discussed AT's approach to TERP given the constrained financial environment it is operating in.
28 February 2023 Board	AT TERP Response Strategy	The board noted the current economic environment in which TERP needs to be delivered and discussed AT's approach to its continuing support for TERP.

Entered by Board Secretary

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 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 Councillors, an Independent Māori Statutory Board member, and two mana whenua Kaitiaki Forum members.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

- 7 AC 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.
- 8 Government's emissions reduction targets differ significantly to those of AC. In order to meet its Emission Reductions Pathway (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

Entered by Board Secretary

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.

- 9 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 management 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.
- 10 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 and reduce discretionary spending;
 - 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, alongside emissions reduction.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

- 11 Given the significant changes in our operating context, it's important for AT to be clear about the approach it can currently take towards meeting the TERP outcomes. TERP provides an important goal, but it does not set out a funded programme of work to be delivered. AT's ability to deliver on this goal will always be subject to funding being available to investigate, model and implement the interventions needed.
- 12 In the Letter of Expectation, the Mayor has emphasised the need for us to deliver on the TERP goals, but to work within our available funding parameters. With recent direction to find significant savings in our operational budget, to reduce discretionary work, and with the upcoming pressures on capital budgets to respond to storm and flooding impacts, our funding parameters for implementing TERP are currently constrained.
- 13 Given our constrained funding, our path towards these goals therefore will not be linear and direct. Rather, AT will need to work with the funding it has, and over time, follow alignment with alternative funding sources and emerging opportunities for funding and partnerships as they present themselves, and leverage key interventions, processes and policy development.

Entered by Board Secretary

- 14 Every intervention we are funded to make on our network will need to be taken as an opportunity to leverage more emissions reduction towards the TERP goals. Leveraging patronage opportunities associated with the completion of City Rail Link and the Eastern Busway are good examples.
- 15 Equally, every planning or investment prioritisation process we are participating in or running is also an opportunity for leverage. The development of the next Regional Public Transport Plan provides us a significant opportunity to rapidly reduce transport emissions, increase public transport boardings, and to set out our aspirations for additional services above current funding levels and how these would contribute to the TERP goals.
- 16 Funding opportunities for investigations to determine the next tranche of interventions will need to be found. Investigating and analysing options to determine what it will take to achieve the goals is expensive in itself and needs specific funding. AT will need to take advantage of every potential funding opportunity as it arises. As these present themselves, our intervention analysis can extend to other levers in a stepped approach. An upcoming example of this is potential funding from Waka Kotahi to fund investigative work to determine what interventions are needed to meet government's VKT reduction targets. This investigation work will also contribute to the TERP targets.
- 17 Policy change by other stakeholders as well as policy changed by AT also offers opportunities to leverage emissions outcomes. These need to be identified and used as advocacy opportunities. For example, seeking closer alignment of central and local government emissions targets will enable interventions by either party to be more aligned and efficient.
- 18 Given the wide variety of processes and intervention types and opportunities, AT also needs to demonstrate its progress towards the TERP goals over time. This means monitoring and reporting on the emissions reduction benefits we are generating over time and reporting them both towards the ERP and TERP goals.
- 19 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.
- 20 Finally, there is value in seeking re confirmation and clarification from AC on its expectations of AT to deliver on the TERP goals in our current fiscal environment. Clarification should also be sought on the alignment of the TERP and ERP emissions targets.

Ngā tūraru 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.

Entered by Board Secretary

Public perception that AT can deliver on the TERP goals within current funding parameters leads to misaligned and unrealistic expectations, reputational damage for AT, and slows progress towards the goals.

Clarity about the approach AT can take within its constrained funding parameters.

Seek confirmation and clarification from AC as to its expectations in our current fiscally constrained environment.

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

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

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

22 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

23 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

24 As noted, TERP is a Council developed plan.

Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations

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

Ngā kiritaki / Customers

26 This report raises no immediate customer related issues.

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

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

Ā muri ake nei / Next steps

28 Reconfirmation of AC's expectations in implementing TERP in today's constrained economic environment is needed, alongside alignment with the government's own Emission Reduction targets.

Te pou whenua tuhinga / Document ownership

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