

BUDGET SENSITIVE

Budget 2022 Transport – follow up with the Minister of Finance

Talking points for your meeting with the Minister of Finance at 11am on Friday 18 March

- The public transport sector is currently facing significant cost pressures and public transport is currently at risk of going backwards – worsening services – if we do not contribute some funding to baseline cost pressures. These cost pressures include Covid-19 (farebox revenue reductions), bus driver shortages and workforce pressures and other inflationary pressures (eg, the diesel Index has risen to 7% and is usually 2%).
- We need to address these underlying cost pressures alongside any decisions to reduce fares and increase public transport services. In addition to lowering fares, I strongly support prioritising funding towards reimbursing Waka Kotahi and councils for Covid-19 revenue shortfalls (outside the CERF), and towards improved terms and conditions for bus drivers (within the CERF).
- A national agreement on terms and conditions for bus drivers is currently being progressed with the industry, Public Transport Authorities, and unions. If we cannot attract and retain drivers, the benefits of any fare reductions, and existing and improved services are compromised.

We recommend prioritising funding to baseline public transport cost pressures

1. We recommend prioritising two bids to support public transport cost pressures:
 - a. *Crown support for Reduced Public Transport Revenue due to COVID-19 (about \$70m)¹ – note that this bid sits outside the CERF*
 - b. *Building a sustainable skilled workforce to support upscaling of bus networks (about \$80m) – this funding would be used to progress improved terms and conditions for bus drivers. If we cannot attract and retain drivers, the benefits of existing and improved services are compromised.*

Initiative title	Our understanding of Budget Ministers current draft decisions (which are subject to change)
Building a sustainable skilled workforce to support upscaling of bus networks	Not receiving funding in the draft package <ul style="list-style-type: none">• We understand this bid is not currently included in the draft budget package.• We recommend prioritising this bid in your discussions with the Minister of Finance tomorrow