



## Draft Cabinet Paper: Let's Get Wellington Moving

<b>Reason for this briefing</b>	You asked us to prepare a draft Cabinet Paper setting out your preferred LGWM option to be considered by Cabinet Economic Development Committee on 10 April 2019.
<b>Action required</b>	Direct officials to make any amendments you require to the attached draft Cabinet paper before lodgement with the Cabinet Office.
<b>Deadline</b>	Friday 22 March 2019.
<b>Reason for deadline</b>	To enable us to make any required changes to the draft Cabinet Paper to enable you to begin cross-party consultation, for the paper then to be lodged with the Cabinet Office by 10 am Thursday 4 April 2019.

### Contact for telephone discussion (if required)

Name	Position	Telephone	First contact
Marian Willberg	Manager Demand Management and Revenue	[REDACTED]	✓
[REDACTED]	Principal Advisor, Demand Management and Revenue	[REDACTED]	

**MINISTER'S COMMENTS:** Withheld to protect privacy of individuals

<b>Date:</b>	20 March 2019	<b>Briefing number:</b>	OC181215
<b>Attention:</b>	Hon Phil Twyford	<b>Security level:</b>	In confidence

### Minister of Transport's office actions

- Noted*
 *Seen*
 *Approved*
- Needs change*
 *Referred to*
- Withdrawn*
 *Not seen by Minister*
 *Overtaken by events*

## **Purpose of report**

1. This briefing attaches a draft Cabinet paper on Let's Get Wellington Moving (LGWM), for your consideration and feedback.

## **Draft Cabinet paper for you to consider**

2. You have provided officials with your views on LGWM over the last few months, and most recently by email from your office on 12 March 2019.
3. The purpose of the attached draft Cabinet paper is to seek Cabinet's endorsement of the key aspects of LGWM, including:
  - 3.1. Support of "option G", which is a comprehensive package of transport infrastructure improvements
  - 3.2. Regional share of NLTF to be 10.5%
  - 3.3. An expectation of Government funding likely to require an increase to petrol excise duty (PED) and Road User Charges (RUC) of 2% per annum on average.

## **Key elements of Cabinet Paper**

4. The Paper sets out the following key elements:
  - 4.1. The context of LGWM as a joint initiative
  - 4.2. The indicative package representing a step change in transport for Wellington
  - 4.3. Indicative benefits and costs of the package
  - 4.4. The key components of the package, including rapid transit and your views on light rail and potential alternatives
  - 4.5. The bespoke cost sharing arrangement proposed to deliver the package
  - 4.6. Ensuring that sufficient funding remains available to deliver projects in the wider region
  - 4.7. The commitment of the WCC Mayor and GRWC chair, but some risk around the views of other Wellington region politicians and the general public.

## **Treasury is concerned about the NLTF moving away from "paygo"**

5. The Treasury has asked that the paper include a specific comment, which appears at paragraph 86. It sets out Treasury's view that further analysis is needed before moving away from a "paygo" basis for NLTF funding to one where a funding gap is bridged with 50-year financing. The Treasury's view is that you should not recommend Cabinet endorse the package, but instead Cabinet should invite you to report to Cabinet with an analysis of the policy considerations relevant to the question of whether a finance package for NZTA should be considered.

## **Risks and issues**

6. The paper notes the following key risks and issues:
  - 6.1. Full costs of the programme are uncertain, and there is a risk of cost escalation.
  - 6.2. Revenues might not meet assumptions, which would potentially result in either Wellington needing to receive more than its 10.5% population share, or an annual increase in FED and RUC greater than 2%.
  - 6.3. Existing cost pressures mean that in the first two decades of the programme, Wellington will need to receive on average 11.5% per year on average (balanced out by receiving less in the last decade. This reduces the amount of NLTF funding for the remainder of the country to below its population share for those two decades. Later this week we expect to send you a briefing setting out the future expenditure pressures on the NLTF over the next ten years.
  - 6.4. While you have reached agreement with the WCC Mayor and GRWC Chair, other Wellington region politicians have had less or no involvement and may not support the package.
  - 6.5. WCC and GRWC must consult with the public to deploy the additional funding tools they will require, and may face some opposition. This may prevent sufficient local revenues being raised.

## **The paper seeks Cabinet's endorsement of the package**

7. No specific decisions are sought from Cabinet on the programme or funding at this stage, as none are required for LGWM to progress to the next stage of further development and investigation by the relevant local authorities and the New Zealand Transport Agency.
8. However, the paper does seek Cabinet's general endorsement of the indicative package, and seeks Cabinet's agreement to you making an announcement in conjunction with the Mayor of Wellington and the Greater Wellington Regional Council Chair.

## **Next steps**

9. Once we have received any amendments you require to the draft Cabinet paper, we will provide a revised paper to your office for cross-party consultation. We need these amendments on Friday 22 March so the amended paper is ready for you to begin cross-party consultation on Monday 25 March.
10. We will need to receive any amendments which emerge from cross-party consultation in time for us to prepare a revised paper for you to lodge the paper with Cabinet Office on Thursday 4 April. This timeline will enable the paper to be considered by Cabinet Economic Development Committee on Wednesday 10 April.

**Recommendations**

11. We recommend that you:

- (a) **direct** officials to make any changes to require to the Cabinet paper on Friday 22 March 2019. Yes/No
- (b) **note** that the Cabinet paper will need to be lodged with the Cabinet Office by 10am on Thursday 4 April 2019 for it to be considered by Cabinet Economic Development Committee on Wednesday 10 April 2019.



Withheld to protect privacy of individuals

Marian Willberg  
**Manager, Demand Management and Revenue**

**MINISTER'S SIGNATURE:**

**DATE:**