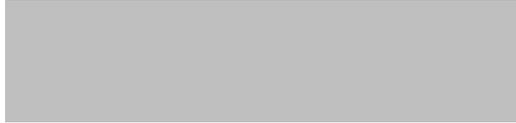


Reference: 20220291

24 August 2022



Dear 

Thank you for your Official Information Act 1982 (OIA) request, received on 2 August 2022. You requested the following:

I request a copy of the advice / input, referenced in WQ 25029 (2022), that Treasury provided for the Let's Get Wellington Moving Cabinet paper considered by Cabinet in advance of the announcement of a preferred option. I also request a copy of the draft paper from the 3 June 2022, also referenced in the above WQ.

Information to be released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1	19 May - 3 June 2022	Email Correspondence	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the OIA as applicable:

- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting Ministers, members of government organisations, officers and employees from improper pressure or harassment.

Information publicly available

The following information is covered by your request and is publicly available on the Treasury website:

Item	Date	Document Description	Website Address
1.		OIA Response 20220254, 20220258 and 20220267	https://www.treasury.govt.nz/publications/search?f%5B0%5D=field_resource_type%3A2616&f%5B1%5D=field_tsy_publication_category%3A2708

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the OIA:

- the information requested is or will soon be publicly available.

Some relevant information has been removed from documents listed in the above table and should continue to be withheld under the OIA, on the grounds described in the documents.

Please note, these proactive releases and information we are releasing now contain all the information Treasury holds in relation to Let's Get Wellington Moving, further information and requests should be directed to the Te Manatū Waka, the Ministry of Transport.

In making my decision, I have considered the public interest considerations in section 9(1) of the OIA.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Morgan Dryburgh
Acting Manager, National Infrastructure Unit

OIA 20220291

Table Of Contents

1. [RE LGWM](#)

1

From: [Mark Hodge \[TSY\]](#)
To: [Rory Leonard](#); [^Transport: Marian Willberg](#)
Cc: [Olivia Maxwell \[TSY\]](#); [Fiona Stokes \[TSY\]](#); [Carolina Durrant](#)
Subject: RE: LGWM
Date: Friday, 3 June 2022 8:53:00 am
Attachments: [TSY Comment 2 Final Paper for OA.docx](#)
[image001.png](#)
[image002.png](#)
[image003.png](#)

Morena Rory, early start by the looks!

Thanks for sending this through – on the whole comfortable with where the paper is landing now.

Have made a few more suggestions in the attached, but otherwise should be all good – happy to have a call but probably unnecessary now unless there's anything in particular you would like to discuss.

Otherwise, might be good to have a chat next week about next steps etc

Cheers

Mark

Mark Hodge | Senior Analyst – National Infrastructure Unit | **Te Tai Ōhanga – The Treasury**

s9(2)(g)(ii)

Mark.Hodge@treasury.govt.nz



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From: Rory Leonard <R.Leonard@transport.govt.nz>
Sent: Friday, 3 June 2022 6:58 am
To: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>; ^Transport: Marian Willberg <m.willberg@transport.govt.nz>
Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>; Carolina Durrant <C.Durrant@transport.govt.nz>
Subject: RE: LGWM

Mōrena Mark,

Please find attached the most up to date version of the paper, we have made some adjustments in response to your feedback s9(2)(k)

We have also softened the wording around the funding principles to better account for the revenue review/mega projects work. Fortunately both papers will be with the Minister this weekend.

Please let me know if you would like to update the comment from Treasury in the paper. Also if you would like a reference to Gateway included could you please send across some wording on this? I am not familiar enough with the details of the process.

We could have a call at 9:30 if that would be beneficial?

Many thanks,
Rory.

From: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>
Sent: Thursday, 2 June 2022 2:55 pm
To: Rory Leonard <R.Leonard@transport.govt.nz>; Marian Willberg <m.willberg@transport.govt.nz>
Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>; Carolina Durrant <C.Durrant@transport.govt.nz>
Subject: RE: LGWM

Great thanks Rory – and as below, happy to put some time in to talk through the paper and the changes.

I've spoken with Leilani Frew (our Deputy Secretary) and she noted that there is a lot of work that has gone on in the background but perhaps its just that the information isn't in this Cabinet paper.

I still feel it is important that Cabinet is suitably informed if they are being asked to endorse an option but also recognise that perhaps my comments below don't reflect the actual state of play on the programme and there might be opportunities to influence the next stages more (i.e. not trying to hold it up, but also trying to make sure we don't lock ourselves into anything too soon without sufficient confidence).

One thing I didn't note in my earlier email is Gateway – given the scale and risk of this project, we would be really keen to include some commentary about moving through the Gateway process as one form of assurance (technically Gateway is required under CO(19)6) but I'm not sure if an RPA has been completed or work has already begun on getting it into the Gateway pipeline

Cheers

Mark

From: Rory Leonard <R.Leonard@transport.govt.nz>
Sent: Thursday, 2 June 2022 2:42 pm
To: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>; ^Transport: Marian Willberg <m.willberg@transport.govt.nz>
Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>; Carolina Durrant <C.Durrant@transport.govt.nz>
Subject: RE: LGWM

Kia ora Mark,

Thank you for this feedback, we've gone through it and are looking how to incorporate it into the paper.

Cheers,
Rory.

From: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>
Sent: Thursday, 2 June 2022 8:34 am
To: Rory Leonard <R.Leonard@transport.govt.nz>; Marian Willberg <m.willberg@transport.govt.nz>
Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>; Carolina Durrant <C.Durrant@transport.govt.nz>
Subject: RE: LGWM

Kia ora Rory,

Thank you for sending through the draft Cabinet paper and for your patience while I take the time to come back to you.

I think the broad gist of the paper is fine, but there are several areas where the paper goes too far and I'm uncomfortable so it would be good to work through these with you when you have a chance:

Endorsement of Option 1

It is premature for Ministers to endorse Option 1 as the preferred option. We are in the IBC stage, and this stage is for determining the problem definition, strategic case, the outcomes sought, and the overarching types of solutions that could be used to solve the problem and/or achieve the outcomes sought – definitely not a preferred option. There is not enough information to suggest at this early stage that there is any one option (especially a mode or route) and it would be premature to take any options off the table.

I appreciate the second point notes that additional analysis is required before final decisions are made, but given the scale of work required I strongly recommend removing statement 1.1 and recommendation 1.

Instead, a more appropriate framing could be that the paper: notes that the IBC will investigate various MRT options, which can (or will) include light rail and public transport tunnels.

Joint National Framework for MRT

As you'll be aware, one of the key recommendations of the Revenue Review is that a separate programme of work on Mega Projects be adopted, and that this be led by Treasury. This work will encapsulate MRT, as well as be broad to cover other projects that may not be traditionally transport in nature.

s9(2)(f)(iv)



MRT Funding Principles

I disagree with including principles for MRT funding in this paper. We've been working through principles broadly in the Mega Projects workstream and I am unclear where these MRT principles have come from and haven't had the chance to adequately work through these.

Additionally any such principles will need to be consistent with other work going on in our Capital Markets space and with the work being undertaken by Te Waihanga Infrastructure Commission.

Given that I don't think these have been worked through across govt. yet, I would recommend removing this section, or peeling it back to signal a key component of the future work will include funding principles, and these could include xx, yy... but these will be worked through across relevant agencies.

Revenue Review generally

s9(2)(f)(iv)



Happy to make time for a chat maybe late this afternoon to discuss and work through these comments!

Cheers

Mark

Mark Hodge | Senior Analyst – National Infrastructure Unit | **Te Tai Ōhanga – The Treasury**

s9(2)(g)(ii)

Mark.Hodge@treasury.govt.nz



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-

From: Rory Leonard <R.Leonard@transport.govt.nz>

Sent: Wednesday, 1 June 2022 10:29 am
To: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>; ^Transport: Marian Willberg <m.willberg@transport.govt.nz>
Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>; Carolina Durrant <C.Durrant@transport.govt.nz>
Subject: RE: LGWM
Importance: High

Kia ora Mark,

Please find attached the updated Cabinet paper on LGWM, this is due to go to the Minister's office on Friday. We have incorporated Treasury's initial feedback on MRT funding but please let me know if you think any other points need to be added.

Could you please provide feedback by 10am on Thursday, to allow us to incorporate it and QA the paper etc.

Many thanks,
Rory.

From: Rory Leonard
Sent: Friday, 27 May 2022 12:20 pm
To: 'Mark Hodge [TSY]' <Mark.Hodge@treasury.govt.nz>; Marian Willberg <m.willberg@transport.govt.nz>
Cc: 'Olivia Maxwell [TSY]' <Olivia.Maxwell@treasury.govt.nz>; 'Fiona Stokes [TSY]' <Fiona.Stokes@treasury.govt.nz>; Carolina Durrant <C.Durrant@transport.govt.nz>
Subject: RE: LGWM

Kia ora Mark,

Please find attached the draft Cabinet paper. In regards to the MRT funding principles we have tried to make them complementary to the work happening around ALR and also the recommendations of the revenue review.

If possible could you please provide feedback by COB Tuesday?

Many thanks,

Rory Leonard (he/him)
Kaitohutohu Matua, Te Rōpu Whakarite Pūtea | Senior Adviser – Demand Management and Revenue
Te Manatū Waka Ministry of Transport

s9(2)(g)(ii) | E: r.leonard@transport.govt.nz | transport.govt.nz



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From: Rory Leonard
Sent: Monday, 23 May 2022 12:39 pm
To: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>; Marian Willberg <m.willberg@transport.govt.nz>
Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>; Carolina Durrant <C.Durrant@transport.govt.nz>
Subject: RE: LGWM

Kia ora Mark,

We met with the Minister this morning and got feedback on the scope of the LGWM Cab paper, see below. The Minister is also considering if this should be a joint paper with MoF. I'll keep you up to date as the paper progresses and welcome any feedback on the below.

All the best,
 Rory.

Cabinet Paper Structure

Background

- Recap of key points Cabinet agreed in 2019 (MoT)
- What work has progressed, where are we at now (needs input from LGWM team + WK)
 - MRT to be put in context of the whole LGWM package.
 - Phasing of work over the next couple of years.
 - The success of the reset over the past year.
- What are the four options for MRT + SH1 enough info is needed to allow Cabinet to decide on a preferred option (LGWM + WK).

Decisions to be made now

- Enable cabinet to select a preferred MRT option for further detailed work.
- Note the various outstanding issues and note that these will need to be resolved before final MRT commitments are made. (see urban development risk).
- Note the pan programme 60:40 split as the current agreement, consistent with the original agreement and more recently re-confirmed

s9(2)(f)(iv)

- Note that ALR legislation may also be useful for LGWM (MoT)

What future decisions need to be made?

- LGWM financing package at completion of Detailed Business Case (MoT)
- s9(2)(g)(i)
- Enabling tools to support local share E.g. value capture.
- Enabling demand management measures – congestion charging or parking pricing (both require legislation)

Risks

- Urban development is the key generator of MRT benefits, there are feasibility risks in the current market. s9(2)(g)(i)

s9(2)(g)(i) HUD to advise on what needs to be done to prepare for this.

- Cost escalation (needs input from LGWM team + WK)

From: Rory Leonard

Sent: Friday, 20 May 2022 1:24 pm

To: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>; Marian Willberg <m.willberg@transport.govt.nz>

Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>

Subject: RE: LGWM

Kia ora Mark,

Thank you for this feedback, and really appreciate the response time!

Cheers,

Rory.

From: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>

Sent: Friday, 20 May 2022 11:37 am

To: Rory Leonard <R.Leonard@transport.govt.nz>; Marian Willberg <m.willberg@transport.govt.nz>

Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>; Fiona Stokes [TSY] <Fiona.Stokes@treasury.govt.nz>

Subject: RE: LGWM

Hi Rory,

Thanks for checking in with us.

On yellow highlight - I haven't seen evidence to prove this yet, there are alternative tools the Councils could use to help e.g. IFF. Would prefer the language be softened

On green highlight – I don't agree with this, urban value uplift could be captured through alternative tools, and the direction of travel is for a beneficiary pays model, which does not presume that the Crown *should* fund a significant portion of the costs. s9(2)(g)(i) I'd suggest reframing along the lines of, there is a significant risk that the Crown may have to fund a large proportion of the costs if local authorities or alternative funding tools such as value capture and IFF are not used.

Also, on green bonds, its not really an alternative, but a different way of categorising our existing debt (it's a bit complicated but the gist is that its not new money). Given this, I'd suggest removing.

On blue highlight – suggest removing, there's very few worlds where fed and ruc don't need to increase, s9(2)(g)(i), so either remove or make very likely.

Cheers

Mark

Mark Hodge | Senior Analyst – National Infrastructure Unit | **Te Tai Ōhanga – The Treasury**

s9(2)(g)(ii)

Mark.Hodge@treasury.govt.nz



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From: Rory Leonard <R.Leonard@transport.govt.nz>

Sent: Friday, 20 May 2022 11:27 am

To: ^Transport: Marian Willberg <m.willberg@transport.govt.nz>; Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>

Cc: Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>

Subject: RE: LGWM

Hi Mark and Olivia,

The Minister's office has asked for our high level thinking on funding MRT so they can consider it for our officials meeting on Monday as part of the discussion on the LGWM Cab paper.

We've put together the below, would it be possible to get your feedback on this today? A quick Teams call might be the most effective way.

- Costs are too high for the NLTF to fund MRT on a paygo basis
- **Costs are also too high for Councils to fund a large portion of MRT**, however there are significant local benefits so they should make some contribution. (Cabinet endorsed a 60:40 split in 2019 for LGWM, but noted that the FAR would vary across projects and could be above 60% for those that closely align to the GPS)
 - The Government should support local government raising funds through enabling value capture. Noting tools to achieve this exist but may need to be adjusted/improved.
- Given the national benefit of urban development is a significant non-transport benefit of MRT **the Crown should fund a significant portion of costs**.
 - Considering this, a portion of funding should come from urban development sources.
 - Emissions reduction from mode shift is also a key benefit, on this basis CERF funding or an **alternatives (green bonds)** should be considered for part of the cost.
- Benefits are realised over a long time period so borrowing to build MRT is justified (considering the impact this has on total cost of ownership).
- In 2019 Cabinet endorsed financing LGWM MRT, with repayments over 50 years. It noted that making repayments from the NLTF would require the approval of Waka Kotahi.
 - Financing repayments could be made from the NLTF but the fund is under pressure, FED & RUC increases would **likely** be required to make these payments.

Many thanks,

Rory Leonard (he/him)

Kaitohutohu Matua, Te Rōpu Whakarite Pūtea | Senior Adviser – Demand Management and Revenue

Te Manatū Waka Ministry of Transport

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From: Marian Willberg <m.willberg@transport.govt.nz>
Sent: Thursday, 19 May 2022 9:59 am
To: Mark Hodge [TSY] <Mark.Hodge@treasury.govt.nz>
Cc: Rory Leonard <R.Leonard@transport.govt.nz>; Olivia Maxwell [TSY] <Olivia.Maxwell@treasury.govt.nz>
Subject: LGWM

Hi Mark and Olivia

Happy Budget Day!

I think you are aware that we are being asked to develop a Cabinet paper on Let's Get Wellington Moving. Our last Cabinet paper on LGWM was a joint one with Treasury. Our Minister's office has asked us to make sure you are involved. I guess there's still a question as to whether this should be a joint paper as well.

To that end, we thought we'd share a draft paper structure that we have sent to the Office to try and tease out what our Minister actually wants out of this paper (see below). We are hoping to get comments back from the Office this week in preparation for a meeting with our Minister on Monday. We will let you know what feedback we get. Happy to also take your thoughts on what should be covered to feed into our discussion with Minister Wood on Monday.

The timeframes for the paper are pretty tight.

Happy to set up a conversation to discuss any or all of this.

Date	Action
23/05/2022	partner agencies input due (WK + HUD)
24/05/2022	send draft to partner agencies (WK + HUD + TSY)
27/05/2022	Partner agency feedback due
2/6/2022	Draft complete (morning)
2/6/2022	Paper QA'd + peer reviewed
3/6/2022	Paper ready for Manager review
5/6/2022	Paper sent to Minister for consultation

17/6/2022	Lodgement date
22/6/2022	Minister Wood takes paper to DEV
27/6/2022	Cabinet considers paper

DRAFT - Cabinet Paper Structure

Background

- Recap of key points Cabinet agreed in 2019 (MoT)
- What work has progressed, where are we at now (needs input from LGWM team + WK) (including cost escalation).
- What are the four options for MRT + SH1 (LGWM + WK)

What decisions need to be made now?

- Are we seeking Cabinet endorsement on a preferred option? Paper can cover pros and cons + risks to support decision on preferred option. (WK + LGWM to provide details on options)
- Does Cabinet need to reconfirm 60:40 split? (MoT)

s9(2)(g)(i)

- Note that ALR legislation may also be useful for LGWM (MoT)
- Note increasing RUC & FED from 2024 onwards was included in the 2019 Cab paper – s9(2)(g)(i)
- s9(2)(g)(i) plus there are other pressures on the NLTF (MoT).

What future decisions need to be made?

- LGWM Financing package at completion of Detailed Business Case (MoT)
- Project governance
- Enabling tools to support local share? E.g. value capture
- Enabling demand management measures – congestion charging or parking pricing (both require legislation)

Risks

- Urban development is the key generator of MRT benefits, there are feasibility risks in the current market, HUD has also outlined that no funding is currently tied to LGWM. (needs input from LGWM team + WK + HUD)
- Cost escalation (needs input from LGWM team + WK)
- Lack of certainty pre IBC in regards to selecting a preferred option

Ngā mihi

Marian Willberg (she / her)

Kaiwhakahaere Te Rōpu Whakarite Pūtea | Manager Demand Management & Revenue

Te Manatū Waka Ministry of Transport

s9(2)(g)(ii) | E: m.willberg@transport.govt.nz | transport.govt.nz



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Auckland | NZ Government Auckland Policy Office | 45 Queen Street | PO Box 106238 | Auckland City | Auckland 1143 | NEW ZEALAND | Tel: +64 4 439 9000 |

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