



OC201007

1 - FEB 2021

Dear Sir or Madam,

I refer to your request on 11 December 2020, under the Official Information Act 1982 (the OIA), seeking:

"...a copy of all written advice sent to any Minister or Minister's office relating to Lets Get Wellington Moving.

Can this be limited to advice provided since the formation of the current Government. Please include aide memoirs, briefing notes, draft cabinet papers, memos, reports, etc, but exclude simple emails from this request."

Please find enclosed the information we are releasing to you.

Also enclosed is an annex that sets out the documents in scope of your request. We have withheld some information from these documents on the following grounds in the OIA:

- section 9(2)(f)(iv) – relates to the constitutional conventions which protect the confidentiality of advice tendered by Ministers or officials
- section 9(2)(g)(i) – relates to the effective conduct of public affairs through the free and frank expression of opinion by Ministers or officials.

Some of the information you seek is refused under section 18(d) as it is already publicly available. The annex provides the website where the information may be found.

In regard to the information that has been withheld under section 9 of the OIA, we consider there are no countervailing considerations that make it desirable, in the public interest, to make the information available.

For completeness, the annex identifies a document (Document 4) that does not relate specifically to the Let's Get Wellington Moving project but does contain a reference to it. Document 4 is being withheld in full to protect the confidentiality of advice tendered by Ministers or officials under section (9(2)(f)(iv). I can advise that the reference in this document is made only in passing and provide no substantive information about the Let's Get Wellington Moving project.

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HEAD OFFICE: PO BOX 3176, Wellington 6140, New Zealand. TEL: +64 4 439 9000

AUCKLAND OFFICE: NZ Government Auckland Policy Office, PO BOX 106483, Auckland 1143, New Zealand. TEL +64 9 985 4800

You have the right under section 28(3) of the OIA to make a complaint about the withholding of information to the Ombudsman, whose email address is:
info@ombudsman.parliament.nz.

We make information released under the OIA available on the Ministry of Transport website. Before publishing, we will remove any personal information relating to the requester.

Yours sincerely

Marian Willberg
Manager Demand Management & Revenue
Ministry of Transport

Annex – information in scope of your OIA request

The following documents are within the scope of your request.

	Document in scope of your request	Your request for this document
1	Briefing to the Incoming Minister – Your Guide to the Transport System	Refused under section 18(d) of the OIA as the documents are publicly available at www.beehive.govt.nz/feature/BIMS .
2	Briefing to the Incoming Minister – Your Guide to Opportunities and Challenges in the Transport System	
3	OC200827 Current state of the land transport funding system	Document enclosed, some information withheld under sections 9(2)(a), 9(2)(f)(iv) of the OIA.
4	OC200890 Progressing the City Centre to Mangere project through a Public Service Delivery Approach	Withheld in full under section 9(2)(f)(iv) of the OIA.
5	OC200709 Draft transport Crown Entity letter of expectations and monitoring programmes for 2021-22	Attached to the briefing was a letter of expectations to the Board of Waka Kotahi the NZ Transport Agency which contained references to Let's Get Wellington Moving. The letter is enclosed and is released in full.
6	OC200867 Let's Get Wellington Moving	Document enclosed, some information withheld under sections 9(2)(a), 9(2)(g)(i) of the OIA.

**BRIEFING**

12 November 2020

OC200827

Hon Michael Wood
Minister of Transport

CURRENT STATE OF THE NATIONAL LAND TRANSPORT FUND**Purpose**

Provide an overview of the National Land Transport Fund, and the opportunities and as it is used to implement the Government's transport objectives.

Withheld under section 9(2)(f)(iv)
of the Official Information Act 1982

Key points

- The Land Transport Management Act 2003 (LTMA) establishes the Government Policy Statement on Land Transport (GPS), which is the Government's main lever for delivering its transport priorities. Waka Kotahi NZ Transport Agency (Waka Kotahi) gives effect to the GPS through the three-year National Land Transport Programme (NLTP), which allocates the funding collected from the National Land Transport Fund (NLTF).
- There will always be trade-offs within the NLTP, given demands for new spending always exceed available funding in the NLTF. Waka Kotahi's role is to make these trade-offs while giving effect to the GPS as best as it is able.

Withheld under section 9(2)(f)(iv)
of the Official Information Act 1982

Tim Herbert
Manager, Investment

...../...../.....

Hon Michael Wood
Minister of Transport

...../...../.....

- Minister's office to complete:
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Withheld under section 9(2)(a) of the Official Information Act 1982

Contacts

Name	Telephone	First contact
Bryn Gandy, Deputy Chief Executive, System Strategy and Investment		
Tim Herbert, Manager, Investment		✓
Kiana Iva, Graduate Advisor, Investment		

CURRENT STATE OF THE NATIONAL LAND TRANSPORT FUND

The Land Transport Management Act 2003 (LTMA) establishes the transport funding framework

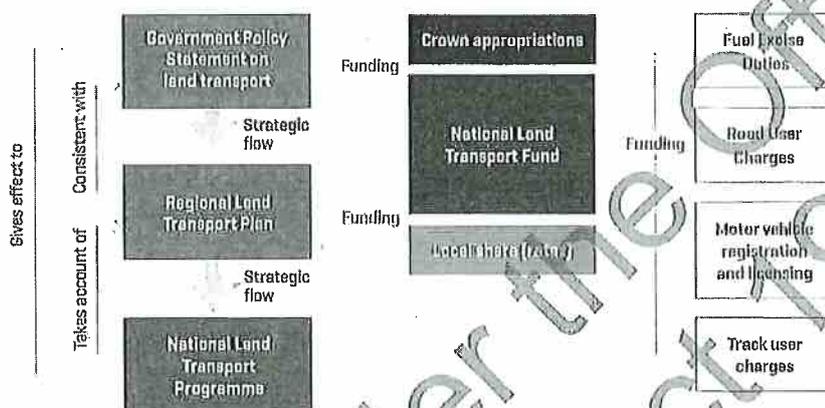
- 1 The LTMA defines the National Land Transport Fund (NLTF) revenue sources, which total around \$4 billion per year, derived from:
 - 1.1 fuel excise duty (FED) — 70.024 cents per litre on petrol, generating around \$2 billion revenue per year;
 - 1.2 road user charges (RUC) — a per kilometre charge for non-petrol (mostly diesel) and heavy vehicles that varies by vehicle type and weight, generating around \$1.8 billion per year;
 - 1.3 motor vehicle registration and licensing fees (MYR) — a \$43.50 charge applied when a vehicle's registered owner renews their rego, generating around \$220 million per year; and
 - 1.4 track user charges (TUC), which are still being developed and are intended for introduction in July 2021.
- 2 The NLTF is 'hypothecated', meaning that all revenue collected is reinvested in the transport system.
- 3 The LTMA provides the framework for managing and funding land transport activities through the NLTF. This includes broad objectives of transport investment (i.e. contributing to an effective, efficient, and safe land transport system), and an allocation mechanism through the Government Policy Statement on Land Transport (GPS). It also outlines the role of regional land transport planning and the decision making roles of Waka Kotahi NZ Transport Agency (Waka Kotahi).

The GPS sets priorities for the next 10 years and is reviewed every 3 years

- 4 The GPS sets the Government's transport priorities, and must include:
 - 4.1 the results that the Crown wishes to achieve from the NLTF over a period of at least 10 financial years,
 - 4.2 the Crown's land transport investment strategy, and
 - 4.3 the Crown's policy on borrowing for the purpose of managing the National Land Transport Programme (NLTP).
- 5 Waka Kotahi is responsible for developing a 3-year NLTP that invests the NLTF in a way that gives effect to the GPS, and taking account of the Regional Land Transport Plans (RLTPs) developed by local government. The Waka Kotahi Board has statutory independence for its decision-making in relation to giving effect to the GPS. The LTMA explicitly prohibits the GPS from imposing an obligation on Waka Kotahi to approve or decline funding for a particular activity or any combination of activities.

6 The LTMA requires a new GPS to be published every six years, with a review of the Crown's land transport investment strategy once every three years. In practice, the three-year review has always resulted in a new GPS being published, but there would be circumstances in which a light-touch approach would be recommended. Frequent amendments limit Waka Kotahi's ability to provide certainty, and major changes can delay and disrupt delivery on the ground.

7 The following diagram shows the links between the documents and the funding sources.



Funding through GPS 2021 is committed mainly to maintenance of the transport system

8 The modelling behind GPS 2021 identified that around 70 percent of the NLTF over the 10 years of GPS 2021 will be required to maintain existing levels of service (such as public transport services, road maintenance and road policing) and meet existing debt and Public-Private Partnership (PPP) repayments.

9 This spend is important, as delaying it for a long period of time, will lead to asset deterioration. This in turn will affect journey times and costs, as well as the safety and resilience of the transport system, and may increase repair costs.

10 The remaining 30 percent can be used to improve and further develop the network ("discretionary expenditure").

11 Previous GPSs had a greater level of discretionary expenditure due to:

- 11.1 a smaller asset to maintain (e.g. the investment of over \$13 billion in new state highway infrastructure over the past 10 years has generated ongoing maintenance and operations costs);
- 11.2 lower past service levels required less ongoing funding, particularly for public transport (e.g. recent GPSs have invested in improving public transport services, and it will now cost more to maintain those services);
- 11.3 revenue (FED and RUC) increases being built in for future years, and
- 11.4 decisions to spend less than the level needed to maintain the level of service (e.g. spending less than optimal levels on maintenance).

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- 12 Discretionary expenditure is also limited in the short-term by existing commitments that carry forward into the next 1–3 years (i.e. projects that have started but need further funding to complete). In the 2021–24 NLTP, Waka Kotahi estimates that around 92 percent of the NLTF will be required to complete already approved/commenced projects, and to maintain system service levels.

Without revenue increases, the balance of NLTF spending will be prominently focussed on maintenance

- 13 Over the long-term, the total costs of running the system will increase due to general inflation of input costs, and new costs for maintaining improved service levels and new infrastructure. This means the 30 percent 'discretionary' funding will decrease over time if revenue does not keep pace with costs.
- 14 The value of FED is set in the Customs and Excise Act 2018 and RUC is set in regulations that can be changed by Order in Council. However, both are nominal rates (per litre and per kilometre respectively) that do not increase automatically over time or with inflation. The Government has agreed that it will not increase the rates in the next 3 years, and there are no increases programmed beyond then for GPS 2021. As a result, NLTF revenue is expected to be relatively steady in nominal terms (FED and RUC volume increases of around one percent per year do not provide significant new revenue) in the foreseeable future. As costs will increase with inflation, it is likely the real value of the NLTF will reduce.
- 15 If there was no increase in revenue over the next 10 years, we expect the NLTF would only be able to afford managing debt and maintenance costs of the existing network. Any further improvements to the network would require new funding or financing (i.e. packages like the New Zealand Upgrade Programme).

Greater commitments to transport programmes are putting pressure on the NLTF

- 16 In the last two-to-three years (and earlier), substantial new policy and programme decisions have been taken that require funding from the NLTF. This limits availability of discretionary expenditure from the NLTF and reduces flexibility across the fund as it effectively locks the Waka Kotahi Board into decisions. In particular, commitments to the Auckland Transport Alignment Project (ATAP), Let's Get Wellington Moving (LGWM), Road to Zero, and the Rail Plan combined will use up most of the 30 percent discretion available in the GPS 2021 ten-year period based on current revenue projections.
- 17 The NLTF has been used to fund a range of priorities over the years, but these decisions reflect an intention to apply it to a broad range of purposes, consistently, and over time. They reflect increased expectations for the NLTF in terms of scope and scale of what it will deliver and support in the system.

These pressures influence Waka Kotahi in creating the NLTP

- 18 As well as containing commitments that would require all discretionary funding, GPS 2021 increased some upper ranges compared to GPS 2018, signalling high ambition for investment in areas such as Public Transport Infrastructure. However, forecast revenue, and therefore possible investment, is near the sum of the lower funding

ranges.

19 For GPS 2018, Waka Kotahi had discretion to, on average, spend at the mid-point of each activity class funding range (i.e. across all activity classes there was a total of \$1.7 billion available to spend above the lower funding ranges).

20 The GPS is affordable as long as Waka Kotahi can at least meet all lower funding ranges. There will always be greater demand for projects (including those aligned with priorities) than there is funding available.

21 When agreeing to GPS 2021, Ministers considered whether to reduce some funding ranges to increase flexibility, but ultimately agreed that it is important to signal ambition in priority areas such as Public Transport Infrastructure, and Road to Zero. Instead, Ministers agreed to keep the funding ranges, noting that Waka Kotahi may need to make more difficult trade-off decisions as a result.

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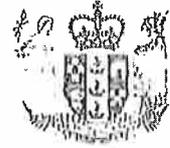
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Hon Michael Wood

MP for Mt Roskill
Minister of Transport
Minister for Workplace Relations and Safety
Deputy Leader of the House



27 JAN 2021

Sir Brian Roche
Chair
Waka Kotahi NZ Transport Agency
c/o boardsecretariat@nzta.govt.nz

Dear Brian

Letter of Expectations 2021/22 for Waka Kotahi NZ Transport Agency

This letter sets out my expectations of Waka Kotahi NZ Transport Agency (Waka Kotahi) for the upcoming year. The expectations I set out below will help set Waka Kotahi's strategic direction for this period, and inform reporting to Ministers on the Agency's performance.

New Zealand, along with the rest of the world, continues to experience significant social and economic impacts resulting from COVID-19. I would like to acknowledge and express my appreciation for your leadership during this time, and the significant contribution that Waka Kotahi has made in responding to COVID-19. We will need to work closely over the coming year, as we continue to manage the ongoing response efforts and work to support our recovery.

The Government has three overarching objectives: keeping New Zealanders safe from COVID-19, accelerating our economic recovery, and laying the foundations for a better future. This last objective has a focus on reducing child poverty, tackling climate change, and addressing housing.

As Minister, my focus is to deliver on the Government's objectives and our commitments. I expect that Waka Kotahi will develop and maintain the governance, leadership and organisational capability to deliver on the transport aspects of these objectives and commitments. This includes continuing to invest in road, rail, public transport and walking and cycling infrastructure to get our cities and regions moving, keep New Zealanders safe, unlock housing, and boost productivity.

Specific expectations for Waka Kotahi

In addition to the implementing the expectations outlined in the *Government Policy Statement on Land Transport (GPS) 2021/22 – 2030/31*, I have specific expectations that I would like the Waka Kotahi Board ('the Board') to deliver in 2021/22. These are set out in the following pages.

Implementation of the Government Policy Statement (GPS) on Land Transport

The Government has confirmed an ambitious set of priorities for the transport system in the GPS. I expect Waka Kotahi to work effectively with its partners to deliver these priorities. The 2021-2024 National Land Transport Programme (NLTP) is the mechanism for delivering the

Government's land transport priorities, and I expect the Board to provide effective oversight of the development and implementation of the NLTP. I expect Waka Kotahi to work closely with agencies across Government, and particularly with the Ministry of Transport (the Ministry) and local government on this. I note and support Waka Kotahi's ongoing efforts to strengthen its engagement model, capability and processes to support its local government partners.

I expect Waka Kotahi to provide an update to me and my officials every six months on how the Agency is delivering against each of the expectations set out in the GPS. These updates should include sufficient evidence and depth of information to enable my officials to advise me effectively, including on risks to delivery and how these risks are being addressed.

I acknowledge that Waka Kotahi is concerned that there will be funding pressures on the National Land Transport Fund (NLTF) to deliver on all of the GPS priorities. Waka Kotahi should aim to realise the 10-year direction set by the GPS to the greatest extent possible within available revenue, in line with its role under the Land Transport Management Act 2003. Throughout the NLTP development process, I expect to be briefed in advance on any significant trade-offs that are being considered to manage the pressures, particularly if there are GPS priorities that may not be fully achieved as a result.

I expect Waka Kotahi and the Ministry to be open and collaborative in their respective roles in the land transport system. Waka Kotahi is the lead deliverer of the GPS and the Ministry's role is to lead the medium to long-term planning for the system. I expect Waka Kotahi and the Ministry to work together effectively and support each other. I also expect the Ministry's advice on how to deliver the Government's medium and long-term priorities, for example in setting GPS 2024, to be informed by Waka Kotahi's operational insights and relationships, and a good understanding of the cost of maintaining land transport assets.

Decarbonisation and Environmental Impacts

The government has declared a climate emergency. This means that all public agencies including Waka Kotahi must focus on the steps they can take to achieve a net carbon zero New Zealand by 2050, with action to begin now. I expect this to be reflected in both Waka Kotahi's operations, and for this to significantly shape investment decisions made by the Agency. To deliver on this expectation, Waka Kotahi should continue progressing the development of *Tōtū Te Taiao*, your sustainability strategy, including using planning, investment, and regulatory levers. The Decarbonisation objective of the current GPS needs to be clearly and transparently considered as a part of major investment decisions and strategic planning.

The Agency's focus should be to deliver investments and actions that reduce greenhouse gas emissions, and reduce adverse effects on the local environment and public health. I expect embedding strong systems and approaches in the Agency to increase mode shift towards climate friendly transport will be a key part of this work. I would also like Waka Kotahi to consider how it can support increased movements of freight by more climate friendly transport, such as rail and coastal shipping.

The GPS was set underpinned by the principle of mode neutrality. In developing the NLTP I expect the Agency to do the same. The climate change objective added in GPS 2021 must be considered as a priority when making investment decisions as part of this process, alongside the matters that would typically be considered.

In assessing projects against the activity classes within the GPS, the focus should be on the outcomes the project will achieve rather than the mode used, and, if appropriate, multiple activity classes may be used to fund a project. For example, my expectation would be that a

public transport or walking and cycling project, that also optimises utilisation of State Highway corridors, or improves the level of service or capacity for State Highways, could attract funding under the State Highway Improvement activity class.

I acknowledge your work on agreeing measures to 'tread lightly' on the Te Ahu a Turanga: Manawatū Tararua Highway. I expect you to take this approach on every major project and, wherever possible, to leave the landscape in a better state than before the project started.

I expect Waka Kotahi to support the Ministry's work to develop a robust Transport Emissions Action Plan, and further the transport sector's contribution to the first national carbon budget. I also expect Waka Kotahi to prepare to swiftly implement priority emissions reduction initiatives resulting from this work.

Land transport funding

I appreciate there are competing demands on the NLTF, and Waka Kotahi has an extensive work programme. Implementing the GPS and delivering the Government's objectives should be the priority use for the NLTF. I acknowledge there is limited capacity for expenditure beyond what is outlined in the GPS, and this will be challenging. Nevertheless, as outlined in the GPS, where the Crown invests directly in transport activities, other options should be considered and brought to my attention before considering use of the NLTF to cross-subsidise supporting activities or cost overruns.

New Zealand Upgrade Programme (NZUP)

I expect Waka Kotahi to make strong progress on the New Zealand Upgrade Programme (NZUP) and deliver the projects it is leading. Waka Kotahi should work closely with the NZUP Oversight Group to raise and mitigate risks to overall deliverability and cost, and ensure I have a clear and timely understanding of the progress being made.

It is my expectation that any significant risks identified in NZUP be brought to the attention of the joint Ministers, Treasury and the Ministry shortly after they are first identified. I expect to be consulted before any decision is made that could have a substantial impact on the overall cost or delivery of the Programme as a whole.

Road to Zero

The Government has committed to decisive action on road safety under *Road to Zero: the national road safety strategy for 2020-2030*. Road to Zero seeks to achieve a 40 percent reduction in road deaths and serious injuries by 2030, and I am focused on delivering the initiatives in the action plan. I expect the Board to prioritise the delivery of safety programmes, at investment levels signalled in the GPS, and to ensure these programmes have strong governance and oversight. Delivery of safer transport infrastructure needs to be accelerated, with clear transparency about progress.

The Government wants safer speeds across the road network. We are establishing a new regulatory framework for speed management, which brings together infrastructure, speed management planning and decision making across the country. It also involves moving to safer speed limits around schools, and introduces a new approach to safety cameras. I expect Waka Kotahi to work with the Ministry, the New Zealand Police and local government to deliver this programme quickly and effectively after the new legislation comes into force.

I want to be confident that we are maximising the value of our existing investment in road safety, and I have asked the Ministry to undertake a review to assess the effectiveness of road safety investment. I expect Waka Kotahi to support the delivery of this review.

Regulatory capability and performance

I welcome the significant progress that Waka Kotahi has made to strengthen its regulatory capability over the past 12 months. I expect Waka Kotahi to maintain its focus on refining and embedding your regulatory strategy, *Tū ake, tū māia*, and delivering your regulatory functions effectively. I expect the Board to ensure that Waka Kotahi's specialist and regulatory skills are developed and maintained, and that any capability and capacity gaps are appropriately identified and reflected in your regulatory funding review.

As COVID-19 continues, it is critical that Waka Kotahi continues to assess its regulatory performance to respond to changes in the land transport system. I expect Waka Kotahi's Board to commission an assessment into the Agency's regulatory function to understand the progress the Agency has made since the completion of the 2018 regulatory review by the Ministry.

The establishment of the Director of Land Transport was a critical change to achieve greater accountability for Waka Kotahi's regulatory performance following the failures identified in 2018. I expect the Board to ensure this role is effectively embedded to provide increased accountability and independence over the delivery of Waka Kotahi's regulatory functions.

Rail

The Land Transport (Rail) Legislation Act 2020 sets out a new framework for how rail is planned and funded. Waka Kotahi will play an important role in implementing the new arrangements.

I expect Waka Kotahi to work collaboratively with KiwiRail, the Ministry, the Treasury, and relevant regional authorities to implement the new rail planning and funding model, which seeks to provide long-term funding for rail. This is a significant cross-agency programme that will require close collaboration, system and behaviour changes from all agencies, as well as developing capacity and capability. We cannot allow our rail network to re-enter a state of 'managed decline'. I expect Waka Kotahi to:

- support KiwiRail to develop an Rail Network Investment Programme (RNIP) that aligns with the delivery of the New Zealand Rail Plan and the GPS;
- develop an appropriate assessment approach to enable it to provide recommendations on the RNIP, including building its capability in assessing rail network activities;
- with the Ministry, advise me on whether the proposed RNIP, and the activities under it, contribute to the purpose of the LTMA 2003; are consistent with the GPS and the New Zealand Rail Plan; and take into account relevant Regional Land Transport Plans;
- advise how the RNIP fits with other transport investments in the NLTP, for example investment in passenger services or interconnecting road investments, including at level crossings;
- and monitor rail activities and how the RNIP delivers land transport outcomes as outlined in the New Zealand Rail Plan, in an annual report to me.

Waka Kotahi also plays a critical role in ensuring the safety of the rail network through their role as rail safety regulator. I will be looking to Waka Kotahi to bring to bear its expertise as rail safety regulator to provide integrated advice to me on the RNIP.

Urban development

The Government is seeking to create well-functioning and vibrant cities where all New Zealanders can live well, now and in the future. To support the Government's urban development priorities, I expect Waka Kotahi to:

- integrate transport and land use through spatial planning by working on urban growth partnerships with local authorities, mana whenua, and communities, to influence the delivery of long-term spatial plans;
- contribute to reforms of the resource management system by working with the Ministry and other central and local government agencies to address any changes that may be required to the land transport system to support the reforms;
- implement plans in metro areas to increase the share of travel by public transport, walking and cycling, by implementing the mode shift action plans for all major metro areas (Auckland, Wellington, Hamilton, Tauranga, Christchurch and Queenstown);
- work closely with Kāinga Ora to ensure there is clarity on how both agencies will partner to deliver the Government's Urban Growth Agenda. I would like Waka Kotahi to focus specifically on how good transport planning can inform the delivery of spatial planning to achieve urban growth at pace and scale.

Waka Kotahi has been a valuable partner in the Auckland Transport Alignment Project (ATAP) and I expect the Agency will assist in the delivery of our commitment to continue to progress it. In addition, Waka Kotahi should remain a contributor to the ATAP implementation reporting that the Ministry is leading to allow effective monitoring and transparency across the ATAP investment programme. I would also expect Waka Kotahi to continue to support the Congestion Question work in Auckland as it progresses.

I expect Waka Kotahi, working with Wellington City Council and Greater Wellington Regional Council, to accelerate delivery of Let's Get Wellington Moving. Working with council partners, I expect Waka Kotahi to ensure there is effective governance in place to drive delivery and I expect regular reporting to me on the Programme.

I believe that the 'city deal' approach offers real opportunities to partner with local government in our larger metropolitan centres to develop long-term plans that meet our objectives and provide certainty of funding. I would like Waka Kotahi to next turn its focus to Christchurch to support the development of a long-term agreed plan to meet the transport challenges of that city, including the development of a rapid transit network.

Resilience and security

Waka Kotahi is a lifeline utility entity under the Civil Defence and Emergency Management (CDEM) Act 2002. Noting this, I expect Waka Kotahi to ensure its strategies, policies, processes and plans are aligned to: the CDEM Act, the National Disaster Resilience Strategy, the Crowded Places Strategy, and the National CDEM Plan. I also expect Waka Kotahi to work with the Ministry on any resilience and security issues. This includes ensuring your strategies, policies, processes and plans are aligned to the Transport Resilience and Security Strategic Framework, and the transport security work programme. I also expect that

the Agency will account for community wellbeing (including the wellbeing of regional communities) in this work.

Rapid transit

Rapid transit can shape urban form and help deliver on the Government's objective to address housing through enabling and stimulating investment in housing and intensification in our cities. Rapid transit can also support our objective to tackle climate change by reducing emissions. The Government recognises the need for a co-ordinated, consistent and planned approach to investments in rapid transit, which may include suitable interregional and intercity transit projects.

To ensure the delivery of rapid transit, I would like Waka Kotahi to:

- work collaboratively with the Ministry and KiwiRail to take a strategic, system-wide approach to planning rapid transit projects, including in relation to the urban development opportunities they unlock;
- partner with the Ministry and KiwiRail to prepare a single overarching framework, providing clarity and guidance to stakeholders wanting to develop long-term strategies for rapid transit.

Freight connections

The movement of freight in the transport sector is essential to building New Zealand's economic prosperity, as articulated in the GPS. I expect Waka Kotahi to use its planning and investment levers, working with the Ministry and other agencies, to improve freight connections across the land transport system to create efficient, reliable and resilient supply chains. The Ministry is looking to adopt a system-based view of New Zealand's supply chains, to identify opportunities and challenges in improving supply chain efficiency and managing resilience risks, both domestically and internationally, and I would like Waka Kotahi to collaborate closely on this Ministry-led work.

The GPS has included up to \$45 million specifically aimed at supporting coastal shipping and its growth. I expect Waka Kotahi to work with the Ministry to develop a set of outcomes and investment principles to ensure the activity class can deliver on the objectives of the GPS and support our domestic shipping sector. In particular, I would like to see fast progress on identifying key actions to build a sustainable domestic coastal shipping sector and consideration of the appropriate infrastructure and actions to support growth.

Public transport

The COVID-19 pandemic and restrictions have affected public transport, with reduced patronage and fare revenue. It is critical that these short-term impacts from COVID-19 do not undermine the Government's priority of long-term mode shift. The highest priority should be given to maintaining service levels in the face of reduced patronage to help return ridership to pre-pandemic levels, including working with councils to do so. I would like for innovative methods to stimulate demand to be considered.

I expect Waka Kotahi will deliver on our commitment to prioritise further investment in public transport to ensure accessible, affordable and reliable choices and services for users. My other strong expectation is that Waka Kotahi continues to build its capability to play a stronger leadership role in the investment, procurement, and delivery of public transport services. This includes working towards implementing a wage floor for bus drivers of the living wage.

I would also like Waka Kotahi to enhance its assurance capability to provide greater oversight in the way public transport services are procured and delivered. Delivering well designed public transport networks is an essential part of the Government's approach to boost patronage which helps free up the roads for those that have to drive and reduces emissions. I would like Waka Kotahi to continue actively engaging in the review of the Public Transport Operating Model (PTOM) and support the implementation of any policy changes that may result from the review.

Walking and cycling

Increasing active travel, including walking and cycling, is an important part of the Government's transport plan. I expect Waka Kotahi to actively support the delivery of safe walking and cycling infrastructure, with a holistic approach to network planning and delivery, rather than considering infrastructure proposals in isolation. I expect Waka Kotahi to work with councils to ensure funding allocated to walking and cycling improvements is invested in a timely manner. I also expect Waka Kotahi to support the implementation of the Accessible Streets Package, which includes regulatory changes designed to increase the safety of walking and cycling. The success of these changes will be strongly dependent on an effective education and advertising campaign, which I expect Waka Kotahi to deliver.

Innovation

I would like Waka Kotahi to identify opportunities to support and fund innovation that may improve and fundamentally transform the ways people and freight move across the network. This could include trialling new approaches and working closely with private sector innovators. Where possible, funding should be targeted towards a portfolio of ideas that are aligned with the GPS and the Government's objectives, and encourage and grow a culture of collaboration across the public and private sectors and research community. In parallel, I expect Waka Kotahi to effectively regulate innovative technologies and business models as they emerge. Please continue to engage with the Ministry in contributing to innovation within the transport sector.

Organisational capability and performance

The capability and performance of Waka Kotahi is fundamental to the ability of the Government to deliver our transport programme. One of the key responsibilities of the Board is to ensure Waka Kotahi has the necessary capability to operate as an effective and high-performing public sector organisation. I expect Waka Kotahi to consider the general expectations and good governance requirements set out in **Appendix One**.

I also have a strong interest in ensuring that the Board itself is providing strong governance across the organisation. In line with the expectations set out in **Appendix One**, I would like the Board to conduct a Board evaluation during the year.

Risk and assurance remain an ongoing priority for all transport Crown entity Boards. I expect the Board to ensure that Waka Kotahi has effective risk and assurance systems and processes to manage governance, delivery and performance issues across the organisation.

Mana whenua

Te Ao Māori plays a large part not just in defining who we are as a nation, but in setting us apart from the rest of the world. I acknowledge Waka Kotahi is on journey to embrace Te Ao Māori views. Over the last two years you have launched *Te Ara Kotahi*, your Māori strategy,

delivered *Te Ara Poutama*, your Māori cultural competency framework, and *Te Reo Rangatira*, your Te Reo Māori policy.

As part of the Government's work to strengthen the Māori-Crown relationship so we can work in true partnership with Māori, I expect Waka Kotahi to continue to build the capability, capacity and confidence to partner successfully with mana whenua. In particular, I expect Waka Kotahi to move forward apace with its review of road signage regulations so that Te Reo Māori can be safely incorporated into road signage where appropriate.

Good employment practices

I expect the Agency to act as a good employer including meeting the Government Expectations on Employment Relations in the State Sector and embedding a strong health and safety culture within the Agency. I also expect the agency to use its leverage to ensure good employment and health and safety practices by its contractors and their subcontractors.

Crown monitoring

I have high expectations that the transport Crown entities will work effectively with the Ministry in its capacity as Crown monitor. The role of the Crown monitor is critical in ensuring that I am appropriately briefed on any risks or issues that could affect the delivery of our transport system. I have asked my officials to undertake their monitoring activity in line with the monitoring programme established for Waka Kotahi, which is attached, and the expectations set in this letter. I have also instructed my officials to undertake any other monitoring activity necessary to provide me with confidence in the capability and performance of Waka Kotahi.

To support this, I expect all Waka Kotahi staff engaging with the Waka Kotahi Crown monitor to do so constructively and transparently, and in particular to ensure that information is provided in a timely way to allow issues and risks to be appropriately managed.

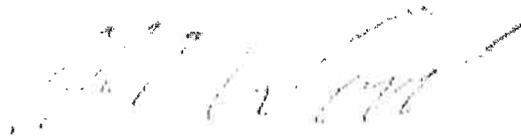
Response

I request that Waka Kotahi provide advice, in the briefing that accompanies formal submission of its updated accountability documents, detailing how its Statement of Performance Expectations responds to my expectations and priorities set out in this letter. I also expect Waka Kotahi to produce a new Statement of Intent in response to this letter. Please work with Ministry officials as appropriate in developing your response.

I expect Waka Kotahi to report to me and the Ministry on progress against my expectations, the associated deliverables, and any risks that may affect the Waka Kotahi's delivery and performance. I expect Waka Kotahi's reporting to provide a free and frank view on progress, delays and risk, so I can have meaningful conversations with the Board, and for advice to be provided to Ministry officials in advance, to ensure I am appropriately briefed.

Working together, I am ambitious for what we can achieve in creating a modern transport system that improves the wellbeing of all New Zealanders. I look forward to working with you in the year ahead.

Yours sincerely



Hon Michael Wood
Minister of Transport

Copy to: Peter Mersi, Chief Executive, Ministry of Transport
Nicole Rosie, Chief Executive, Waka Kotahi NZ Transport Agency

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Appendix One: General Expectations and Good Governance

Board governance

The direction and decisions set by the Board have a fundamental and long lasting impact on the wellbeing on all New Zealanders. With this in mind, I expect the Board to provide strong and effective governance of their entity, ensuring they are well placed to make effective decisions and use its resources efficiently.

The Board is the most significant influence in ensuring that Waka Kotahi is performing effectively. I expect the Board to provide me with clear information to understand the progress that Waka Kotahi is making to deliver my priorities.

Collective duties of the Board

I expect the Board, in line with the Crown Entities Act 2004, to:

- act consistently with the Waka Kotahi's objectives, functions, statements of intent and current statement of performance expectations
- perform their functions efficiently, effectively and consistently with the spirit of service to the public, and in collaboration with other public entities where practicable
- operate in a financially responsible manner.

Individual duties of Board members

I expect individual Board members, in line with the Crown Entities Act 2004, to:

- comply with the requirements of the Crown Entities Act, the Land Transport Management Act 2003, and other relevant legislation that Waka Kotahi is responsible for administering or is subject to.
- act with honesty and integrity
- act in good faith and not at the expense of their entity's interests
- act with reasonable care, diligence and skill
- not disclose information.

Further, I expect individual members and the Board as a whole to actively manage conflicts of interest. This means ensuring my officials are advised of any conflicts as they arise, including the steps taken to manage conflicts.

Complying with relevant directions

I expect Waka Kotahi to understand and comply with relevant government and central agency directions, including those issued by the Cabinet Office, Treasury and the Public Services Commission. In particular, I would like Waka Kotahi to ensure it has taken appropriate account of:

- the Government's Enduring Letter of Expectations

- model standards and guidance issued by the Public Services Commission, including (but not limited to) the Standards of Integrity and Conduct, and model standards relating to Positive and Safe Workplaces, Information Gathering and Public Trust, Speaking Up, Conflicts of Interest, and Workforce Assurance
- the Government's Expectations on Employment Relations in the State Sector, issued by the Public Services Commission
- Cabinet office circular CO(19) 6 (Investment Management and Asset Performance in the State Services), which includes the requirement for agencies to complete Risk Profile Assessment and engage in the Gateway review process
- the All-of-Government ICT Operations Assurance Framework.

Additionally, I expect Waka Kotahi to ensure it adheres to the principles of open data and proactively provides what data and information it can publicly, as appropriate in accordance with the government open data policies. I also encourage Waka Kotahi to consider the importance of data security and the protection of assets and people, such as the use of the Government's Protective Security Requirements framework.

Fostering a good organisational culture

I expect the Board to lead and nurture an inclusive, engaged and high performing culture within the Waka Kotahi, which respects and reflects the diversity of New Zealanders and the Government's expectations for employment relations. This includes ensuring there is a zero tolerance approach to bullying and harassment, and that Waka Kotahi has appropriate policies in place for managing staff wellbeing.

Treaty of Waitangi

I expect Boards to lead and ensure that Waka Kotahi supports the Crown in its relationships with Māori under te Tiriti o Waitangi (the Treaty). This includes adhering to obligations under the Treaty, engaging with Māori as part of the Agency's work programme and also understanding Māori perspectives on matters.

Board governance and performance

I expect the Board to undergo regular performance reviews to ensure it has the right capability to perform as an effective governance body for Waka Kotahi. I expect an evaluation process is undertaken annually, with external evaluations undertaken periodically unless there have been significant changes to your board or Waka Kotahi's responsibilities. I encourage you to consider using an independent facilitator as part of this evaluation process, and that the evaluation is tailored to the needs and state of the organisation and your Board at the time (i.e. a full and comprehensive independent evaluation is not expected annually, but it should take place at least once every three years).

I also expect Chairs to inform the Ministry of the outcome of the results of the evaluation, including a summary of results. Should any performance issues arise as a result of those evaluations, I expect Chairs and the individual directors affected to work to resolve those issues. Members should also continue to professionally develop within their role and an active culture of learning should be fostered within the Board.

Please note, the Ministry may seek to explore the process through which board evaluations are undertaken as part of its regular monitoring programme, and may request further information about evaluations in order to discharge their monitoring function.

No surprises approach

I expect the Board to keep me informed of any significant risks or issues, taking a 'no surprises' approach. In the context of this approach, 'no surprises' means that the Board:

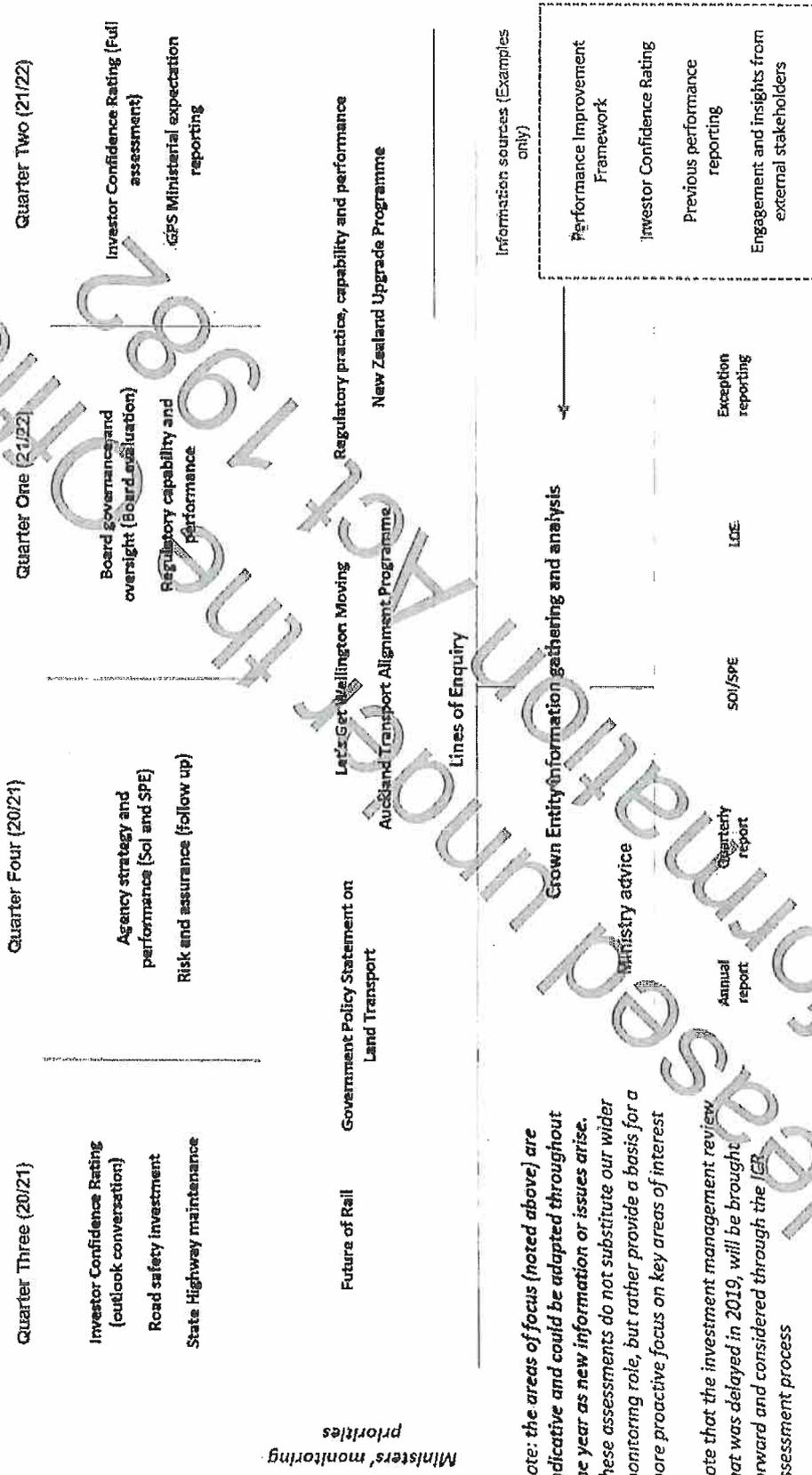
- is aware of any possible implications of their decisions and actions for wider government policy issues
- informs me in advance of any major strategic initiative; and
- advises me of issues that may be discussed in the public arena or that may require a ministerial response, as soon as possible. This includes, but is not limited to: significant legal proceedings, matters that will result in expected sustained negative media or public scrutiny, instances where directors are placed in situations of actual or perceived conflicts of interest, or issues that may affect a director's ability to contribute to the board.

I also ask you to avoid 'pre-judging' my potential response to risks and opportunities. I expect you to advise me about emerging issues and opportunities, including major actions the Board is considering.

The Board must ensure that it is effectively managing potential, perceived and actual conflicts of interest. In particular, the Board should ensure that any conflicts are disclosed as they are identified, with appropriate mitigations put in place in a timely fashion. I also expect the Board to ensure that Waka Kotahi has effective processes to support disclosure and management of conflicts, noting that any substantive conflicts should be notified to the Ministry on my behalf.

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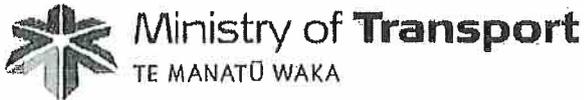
Appendix Two: Monitoring plan 2021



Note: the areas of focus (noted above) are indicative and could be adapted throughout the year as new information or issues arise. These assessments do not substitute our wider monitoring role, but rather provide a basis for a more proactive focus on key areas of interest

Note that the investment management review that was delayed in 2019, will be brought forward and considered through the ICR assessment process

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BRIEFING

25 November 2020

OC200867

Hon Michael Wood
Minister of Transport

LET'S GET WELLINGTON MOVING

Purpose

Inform you of the purpose, progress and risks relating to Let's Get Wellington Moving.

Key points

- Let's Get Wellington Moving (LGWM) is a joint initiative between Waka Kotahi NZ Transport Agency (Waka Kotahi), Wellington City Council (WCC) and Greater Wellington Regional Council (GWRC) to deliver transformational transport and urban development benefits to Wellington city.
- LGWM was endorsed by Cabinet in May 2019. The key details of this endorsement are that central and local government will split the funding costs 60:40 percent respectively, with a cost to Government of \$3.8 billion, for the components specified in what is called "the indicative package". LGWM will be delivered over 30 years, with only some small early delivery improvements and indicative business cases being underway at present.
- Unlike the Auckland Transport Alignment Project (ATAP), LGWM is not a comprehensive package for all of the Wellington region, and the governance and involvement of central government has not been to the same degree as ATAP. This presents some challenges and risks.
- In the current phase of LGWM, you can expect to receive regular reports from LGWM through Waka Kotahi that provide an update on recent progress, upcoming events and milestones, stakeholder and public engagement, and any emerging issues or risks to be aware of.

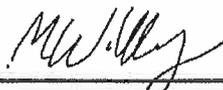
Withheld under section 9(2)(g)(i) of the OIA.

- The role of the Ministry is to support your engagement on LGWM. We are well placed to co-ordinate information and provide an opinion outside of the programme partnership. If the LGWM package needed to be refreshed or revised, officials from the Ministry would be involved and support the process to a new agreed LGWM package.

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Recommendations

This briefing has no recommendations and is just for noting.



Marian Willberg
Manager, Demand Management and Revenue

..24/ .11. /2020

Hon Michael Wood
Minister of Transport

...../...../.....

- Minister's office to complete:
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bryn Gandy, Deputy Chief Executive, System Strategy and Investment		✓
Marian Willberg, Manager, Demand Management and Revenue		
Emma McCone, Adviser, Demand Management and Revenue		

Information withheld under section 9(2)(a) of the OIA.

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LET'S GET WELLINGTON MOVING

LGWM is a joint initiative between WCC, GWRC and Waka Kotahi to deliver a transformational transport package for Wellington

- 1 LGWM aims to improve the way people get around Wellington while enhancing liveability and access, reducing reliance on private vehicles, and improving safety and resilience. LGWM focuses on the area from Ngauranga Gorge to the airport, including the Wellington Urban Motorway and connections to the central city, hospital, and the eastern and southern suburbs.
- 2 WCC, GWRC and Waka Kotahi started working together on LGWM in 2015 after the failed Basin Reserve Flyover proposal.
- 3 After significant engagement with the public in 2017, LGWM developed a Recommended Programme of Investment (RPI). The RPI was agreed by LGWM in late 2018 and used as the starting point for engagement with central government on funding arrangements.
- 4 The initial proposal from LGWM was a two-thirds/one-third central/local government funding split. Councils agreed to pay a greater share than they would under status quo funding arrangements to reflect the local and non-transport benefits. Alongside making travel through and within the city safe, accessible and low emission, the RPI would create pleasant public spaces and improve urban amenity.
- 5 Significant funding pressures meant there were some trade-offs made getting from the RPI to a package that Ministers were comfortable submitting to Cabinet for endorsement (the indicative package). While some individual components from the original RPI are not included in the indicative package, the indicative package remains closely aligned with both LGWM objectives and the Government's transport priorities. This approach enables climate friendly transport choices, and mode shift to active and public transport modes.

Government has signed up to LGWM through Cabinet's endorsement of the indicative package

- 6 In May 2019, Cabinet endorsed the LGWM indicative package. This included high-level endorsement of the following details:
 - 6.1 indicative total costs
 - 6.2 individual package components and estimated costs
 - 6.3 the cost sharing agreement
 - 6.4 assumed affordability within the National Land Transport Fund (NLTF) for the central government share
 - 6.5 general timing and sequencing of components
 - 6.6 an additional allowance of \$3 billion (\$4.4 billion inflated) for non-LGWM projects in the Wellington region.

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7 The package components endorsed by Cabinet are provided in the table below:

INDICATIVE PACKAGE COMPONENTS	Cost (\$m)
<i>Walkable city</i> – to create a city that is safe and attractive to walk around.	95
<i>Connected cycleways</i> – a connected and safe central city cycleway network integrated with the wider cycleway network.	40
<i>Public transport (city and north)</i> – a reliable public transport system that enables Wellington to grow and encourages public transport mode shift.	360
<i>Smarter transport network (demand management and improved operating systems)</i> – a well-managed transport system that makes best use of infrastructure and helps smooth transition through implementation of the indicative package.	80
<i>Mass Rapid Transit to the Airport</i> – improves travel choice through the city with an attractive public transport option to the hospital and airport, and creates an opportunity to share a more compact and sustainable Wellington city.	2,200
<i>Unblocking the Basin Reserve</i> – reduces conflict between different movements and modes creating more reliable access for all modes.	190
<i>Additional Mount Victoria tunnel and widening of Ruahine Street/Wellington Road</i> ¹ - Improves access reliability and travel choice from the east for all modes, relocates through traffic away from Evans Bay route and Constable Street, onto the state highway, and ensures network function while rapid transit is constructed in Newtown.	700
TOTAL	3,700

- 8 Cabinet noted that the details of the indicative package – including costs – were indicative and need to be confirmed through normal business case processes. The programme will be delivered over 30 years, although due to financing, costs will be incurred through years 30-50.
- 9 LGWM is now in the detailed investigation and development stage. This involves developing indicative business cases for the key components, gaining more understanding of the costs, benefits and risks of each component of the indicative package. The components listed above are being grouped differently in the current stage of LGWM (i.e. are grouped into different project streams than what is listed above but are aligned with the Cabinet endorsement).
- 10 Partners have agreed a governance structure that enables the programme partners to retain their individual decision-making powers but work together to deliver the programme. LGWM is overseen and directed by the Partnership Board which is ultimately accountable for the programme and appoints the Programme Director. The members of the Partnership Board are: Barbara McKerrow (WCC Chief Executive),

¹ Cabinet endorsed the package noting that the extra Mt Victoria tunnel would proceed late in the first decade subject to a detailed business case.

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Sara Hay (WCC), Greg Campbell (GWRC Chief Executive) Brett Gliddon (Waka Kotahi) and Carl Devlin (Waka Kotahi).

- 11 Waka Kotahi is a LGWM partner - expected to represent the Crown in the LGWM joint governance. However, Waka Kotahi also has an independent function in approving projects for funding through the normal statutory responsibilities of the Waka Kotahi Board. These separate roles need to be managed by Waka Kotahi carefully.
- 12 As endorsed by Cabinet, the central government share of LGWM is expected to be funded from the NLTF, with the mass rapid transit component to be funded from financing. As the Minister of Transport, you set out your expectations for transport investment through the Government Policy Statement on land transport (the GPS). In GPS 2021, the Cabinet endorsement of LGWM is reflected as a priority with the expectation that \$3.8 billion from the NLTF will be spent on LGWM from 2021/22 to 2041/42. This reflects the total costs over the 30 year funding period that Cabinet agreed to. This will need to be signalled in future policy statements to ensure funding over the timeframe of LGWM.

We will continue to support your engagement on LGWM

- 13 Prior to the announcement of the indicative package, our role was to coordinate information and provide advice to Ministers to support the negotiation of the indicative package. We coordinated advice on the costs and benefits of various package components; the affordability of LGWM among national priorities and pressures (and in particular other commitments for the NLTF); how the programme delivered transport as well as other benefits; and next steps.
- 14 The Ministry is not part of the current programme governance structure. We maintain strong relationships with key members of the LGWM core team (including the Programme Director) to enable us to provide advice as needed. In the current stage of the project, we are working to ensure Waka Kotahi is meeting your expectations regarding its role as a project delivery partner, providing regular reporting and keeping you informed of any upcoming milestones or risks. Waka Kotahi has the delivery expertise to engage with the details of the programme.
- 15 There are elements of LGWM that are outside of Waka Kotahi's area of control. The funding and delivery of a programme beyond 10 years requires the involvement of the Ministry and the Treasury. The Ministry's focus is on considering long-term funding and financing arrangements, as well as long-term planning settings. As agreed by Cabinet, we will also prepare a financing proposal for you to report back to Cabinet once details of the mass rapid transit component are more certain.
- 16 Over the next few months, it is likely you will meet with LGWM stakeholders, including the core team, the Mayor of Wellington and the Chair of GWRC. The Mayor and Chair have changed since the indicative package was announced and might express different views to their predecessors. We can support any meetings you attend to ensure you are fully briefed on relevant information and context.

17

Withheld under section 9(2)(g)(i) of the OIA.

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You can expect to receive regular reports from Waka Kotahi on the progress of LGWM

- 18 LGWM previously agreed to provide a monthly progress report to the Minister of Transport, signalling recent progress, upcoming events and milestones, stakeholder and public engagement, and any emerging issues or risks to be aware of.
- 19 You may want to discuss your expectations regarding reporting and progress updates with Waka Kotahi. The Ministry recommends that reporting continues on a regular rather than ad-hoc basis, reflecting the high level of activity and risks in the current phase of LGWM. The considerable level of fiscal risk, uncertainty regarding outcomes of business cases, pressures facing local government's funding share, and the potential implications of an independent review of LGWM provide good reason to receive updates regularly.
- 20 In September 2020, the LGWM Partnership Board initiated an independent review of the programme to ensure it is best placed to successfully deliver the programme. It is being conducted by three independent reviewers and a final report is due in November 2020.
- Withheld under section 9(2)(g)(i) of the OIA.
- . We have not been involved in any aspect of the independent review and are yet to see the terms of reference or any preliminary findings or recommendations.
- 21 Public engagement on the major project components (including the additional Mount Victoria Tunnel and Basin Reserve improvements; and mass rapid transit) is likely to commence early in the New Year. Indicative business cases are expected to be delivered mid-2021. You should expect to be advised of key milestones including the finalisation of any indicative business cases and significant upcoming public consultation.

We are aware of funding constraints for both local government and the NLTF

Local government face serious funding constraints and there is no certainty they will meet their share of LGWM

- 22 Prior to the Cabinet endorsement and public announcement of LGWM, the Mayor and GWRC Chair indicated their commitment to funding their share of the LGWM package. It was assumed that a combination of general rates increases, targeted rates and user charges would be used as funding tools. However, rates increases need to be signalled in the relevant Long Term Plan and involve public consultation. There is a risk, given that local government has not yet finalised their Long Term Plan, that public opposition could prevent necessary rates increases.
- 23 Local government is also under funding pressure as a result of COVID-19 and other local pressures such as water infrastructure, seismic strengthening of the Central Library and construction of the new convention centre. Trade-offs may need to be made and this puts the LGWM local share at risk.
- 24 Unlike ATAP, where a comprehensive investment programme was agreed for the entire Auckland region over a 30-year period, the central city is the focus of LGWM. However, Wellington's regional investment needs have also been recognised. At the time of endorsing LGWM, Cabinet also supported an additional \$3 billion (\$4.4 billion

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inflated) from the NLTF to be allocated to a range of projects in Wellington region during the second and third decades of LGWM.

- 25 Mayors across the region have written to the Minister of Transport in support of LGWM,

Withheld under section 9(2)(g)(i) of the OIA

The NLTF is constrained and the Waka Kotahi Board will face challenging choices in delivering GPS2021

- 26 Over 30 years, the Government share of the LGWM indicative package is estimated to be \$3.8 billion, based on total capital expenditure of \$2.2 billion. This amount allows for some cost increases, inflation, operating costs and the cost of financing.
- 27 A range of assumptions regarding the affordability of LGWM within the NLTF have been made. These are not insignificant assumptions and have substantial implications for the transport system.
- 28 The three core assumptions are that:
- 28.1 rates of fuel excise duty (FED) and road user charges (RUC), the major sources of revenue for the NLTF, will increase broadly with inflation over the 30-year funding period;
- 28.2 Wellington gets no more than its population share of NLTF revenue (10.5 percent, based on Wellington region having 10.7 percent of New Zealand's population at the time of writing); and
- 28.3 the NLTF can be leveraged to finance mass rapid transit over 50 years.
- 29 Rates of FED and RUC would need to increase by 2 percent per annum on average across the 30-year funding period of LGWM to enable Wellington to receive the assumed 10.5 percent share of NLTF. This could be through small increases year on year, or larger increases over a few years.² Increasing rates requires active decisions by Cabinet. RUC rates are set through the RUC Rates Regulations 2015, and changes must be confirmed by Parliament by Order in Council. FED is set through a separate process by amendments to the Customs and Excise Act 2018 and, sometimes, by an Order in Council (must also be confirmed by Parliament).
- 30 Increasing NLTF revenue in line with inflation will affect all road users in New Zealand, but it is expected there would be additional revenue for investment across the rest of the country as the Wellington region will only receive 10.5 percent.
- 31 There is currently no prescriptive mechanism for allocating NLTF revenue regionally. How and where the NLTF is invested is determined by the Waka Kotahi Board. Using population share as a basis for allocating NLTF revenue to Wellington risks creating unfairness in the system and setting an unintended precedent for other regions.

² FED and RUC have increased by 3.5 percent per annum on average over the last 10 years.

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However, GPS 2021 does provide a mechanism to prioritise LGWM and ensure that it receives the committed level of funding.

- 32 The assumption that the mass rapid transit component of LGWM can be financed from the NLTF has not been thoroughly tested. The NLTF predominantly operates as a PayGo³ fund and there is limited financing within the current system. A high-cost investment with a significant implementation timeframe and long-term benefits like mass rapid transit would be difficult to fund through the PayGo system. This is why the option agreed as part of LGWM involves financing the initial costs, and using the NLTF to service the ongoing debt servicing and repayments. There remains a question of how the NLTF will be placed at the time to leverage the debt needed for mass rapid transit.

33

Next steps

Withheld under section 9(2)(g)(i) of the OIA.

- 34 Over the next six months, you should be briefed by Waka Kotahi on the following milestones:
- 34.1 results of the independent review of LGWM performance and processes
 - 34.2 public engagement campaign planned for early 2021
 - 34.3 indicative business cases once they are finalised mid-2021.
- 35 As discussed in paragraph 19, you should express your expectations regarding the frequency of regular reporting on LGWM with Waka Kotahi.

³ A pure PayGo (pay-as-you-go) system is one in which costs must be met from revenue. The timing of revenue receipts determines the ability to make payments.