

Ministry of Transport: Aide Memoire

To: Hon Phil Twyford

From: [REDACTED] Withheld to protect privacy of individuals

Date: 30 January 2018

Subject: Information to assist in meeting with the Let's Get Wellington Moving Governance Group

OC Number: OC190085

Purpose of this aide memoire

1. You requested advice on the following options for Let's Get Wellington Moving (LGWM) to assist you in your meeting with the LGWM Governance Group meeting on Thursday 31 January:
 - **Option 1:** your original preferred option suggested at the LGWM Governance Group meeting on 4 December 2018
 - **Option 2:** your original preferred option suggested at the LGWM Governance Group meeting on 4 December under the cost-sharing arrangements proposed by Wellington City Council (WCC) and Greater Wellington Regional Council (GWRC)
 - **Option 3:** GWRC and WCC's counter-proposal that was presented to you on 19 December 2018
 - **Option 4:** a revised approach based on your preferred option, including light rail – Newtown to Airport, and a partnership approach for cost-sharing
2. You requested the following information on each option:
 - the projects included
 - the total contribution from central and local government
 - the funding split between central and local government
 - the revenue assumptions necessary to fully fund the option.
3. The information addressing the points above is detailed in tables 1-11 below.
4. You also asked for advice on how cost-sharing arrangements that are different to the current arrangements could be put in place for LGWM.

5. Section 20C of the Land Transport Management Act 2003 (the Act) states that the NZTA must set the rate of funding assistance from the National Land Transport Fund (NLTF) for activities or combinations of activities in accordance with any criteria set by the Minister.
6. Under the Act, an activity
 - means a land transport output or capital project; and
 - includes any combination of activities.
7. We are currently seeking legal advice as to whether you can set criteria for LGWM and how prescriptive the criteria can be.

Option 1

Table 1 – Option 1: Minister's original preferred approach

Projects	Capex (\$m)	Local share		Central share	
		\$m	%	\$m	%
A walkable city	84	41	49	43	51
Connected cycleways	36	18	49	18	51
Public transport (City and North)	360	176	49	184	51
Smarter transport network	36	18	49	18	51
Smarter pricing	36	18	49	18	51
Light rail: Railway Station - Newtown	1,188	0	0	1,188	100
Unblocking the Basin Reserve	156	156	100	0	0
Second Mount Victoria Tunnel and four laning at Ruahine Street	577	577	100	0	0
Total	2,473	1,004	41	1,469	59

8. Table 2 below shows the national petrol excise duty (PED) and road user charges (RUC) equivalent increase that would be required to fully fund this option over 30 years.

9. Assumptions

Table 2 – Option 1: National Land Transport Fund (NLTF) revenue deficit

NLTF deficit at year 30 (\$m)	Total price increase (cents per litre)	NLTF deficit at year 50 (\$m)	Total price increase (cents per litre)
-2,770.9	TBC	-3,775.5	TBC

10. Table 3 below shows the local government funding deficit if this option were funded over 30 years, and over 50 years.

Table 3 – Option 1: local government funding deficit¹

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Rates revenue assumption	Local deficit at year 30 (\$m)	Local deficit at year 50 (\$m)
10% over 10 years	-80.4	717.6

Option 2

Table 4 – Option 2: WCC’s and GWRC’s preferred approach

Projects	Capex (\$m)	Local share		Central share	
		\$m	%	\$m	%
A walkable city	84	41.0	49	43.0	51
Connected cycleways	36	18.0	49	18.0	51
Public transport (City and North) ²	360	176.0	49	184.0	51
Smarter transport network	36	18.0	49	18.0	51
Smarter pricing	36	18.0	49	18.0	51
Light rail: Railway Station - Newtown	1,188	297.0	25	1891.0	75
Light rail: Newtown to Airport	540	135.0	25	405.0	75
Unblocking the Basin Reserve	156	78.0	50	78.0	50
Second Mount Victoria Tunnel and four laning at Ruahine Street	577	288.5	50	288.5	50
State Highway: Ngauranga to Te Aro (Phase 2)	800	400.0	50	400.0	50
Total	3,813	1,470.5	37	2,342.5	63

11. Table 5 below shows the national PED and RUC equivalent increase that would be required to fully fund this option over 30 years, and over 50 years.

12. Assumptions

Table 5 – Option 2: National Land Transport Fund (NLTF) revenue deficit

NLTF deficit at year 30 (\$m)	Total price increase (cents per litre)	NLTF deficit at year 50 (\$m)	Total price increase (cents per litre)
-3,851.8	TBC	-6,496.7	TBC

13. Table 6 below shows the local government funding deficit if this option were funded over 30 years, and over 50 years.

Table 6 – Option 2: local government funding deficit³

² Includes \$36 million early improvements.

Rates revenue assumption	Local deficit at year 30 (\$m)	Local deficit at year 50 (\$m)
13% over 13 years	115.5	276.5

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Option 3

Table 7 – Option 3: Minister’s original preferred approach with WCC and GWRC’s cost-sharing approach

Projects	Capex (\$m)	Local share		Central share	
		\$m	%	\$m	%
A walkable city	84	41	49	43	51
Connected cycleways	36	18	49	18	51
Public transport (City and North)	360	176	49	184	51
Smarter transport network	36	18	49	18	51
Smarter pricing	36	18	49	18	51
Light rail: Railway Station - Newtown	1,188	297	25	891	75
Unblocking the Basin Reserve	156	78	50	78	50
Second Mount Victoria Tunnel and four laning at Ruahine Street	577	288.5	50	288.5	50
Total	2,473	934	38	1,539	62

14. Table 8 below shows the national PED and RUC equivalent increase that would be required to fully fund this option over 30 years, and over 50 years.

15. Assumptions

Table 8 – Option 3: National Land Transport Fund (NLTF) revenue deficit

NLTF deficit at year 30 (\$m)	Total price increase (cents per litre)	NLTF deficit at year 50 (\$m)	Total price increase (cents per litre)
-2,859.7	TBC	-3,829.8	TBC

16. Table 9 below shows the local government funding deficit if this option were funded over 30 years, and over 50 years.

Table 9 – Option 3: local government funding deficit⁴

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Rates revenue assumption	Local deficit at year 30 (\$m)	Local deficit at year 50 (\$m)
10% over 10 years	49.4	840.5

Option 4

Table 10 – Option 4: Revised approach based on Minister’s original preferred projects with the addition of light rail – Newtown to Airport

Projects	Capex (\$m)	Local share		Central share	
		\$m	%	\$m	%
A walkable city	84	41.0	49	43.0	51
Connected cycleways	36	18.0	49	18.0	51
Public transport (City and North)	360	176	49	184	51
Smarter transport network	36	18.0	49	18.0	51
Smarter pricing	36	18.0	49	18.0	51
Light rail: Railway Station - Newtown	1,188	297.0	25	891.0	75
Light rail: Newtown to Airport	540	270.0	50 ⁵	270.0	50
Unblocking the Basin Reserve	156	78.0	50	78.0	50
Second Mount Victoria Tunnel and four laning at Ruahine Street	577	288.5	50	288.5	50
Total	3,013	1,204	40	1,809	60

17. Table 11 below shows the national PED and RUC equivalent increase that would be required to fully fund this option over 30 years, and over 50 years.

18. Assumptions

Table 11 – Option 4: National Land Transport Fund (NLTF) revenue deficit

NLTF deficit at year 30 (\$m)	Total price increase (cents per litre)	NLTF deficit at year 50 (\$m)	Total price increase (cents per litre)
-3,349.5	TBC	-4,846.8	TBC

19. Table 12 below shows the local government funding deficit if this option were funded over 30 years, and over 50 years.

Table 12 – Option 4 local government funding deficit⁶

⁵ Cost-sharing for this component was changed to 50/50 to achieve an overall 40/60 split.

